Service Agreement No. 1662

This

STANDARD LARGE GENERATOR
INTERCONNECTION AGREEMENT

has been superseded by an Amended and Restated version
 and relocated within the Agreements Tariff

Service Agreement No. 1662

STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT
 AMONG THE

NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.
 AND

LONG ISLAND LIGHTING COMPANY d/b/a LIPA, A WHOLLY-OWNED
 SUBSIDIARY OF THE LONG ISLAND POWER AUTHORITY

AND

LONG ISLAND SOLAR FARM LLC

dated as of October 15, 2010

i

Service Agreement No. 1662

TABLE OF CONTENTS

Page No.

ARTICLE 1. DEFINITIONS 1

ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION 11

2.1 Effective Date 11

2.2 Term of Agreement 11

2.3 Termination 11

2.4 Termination Costs 12

2.5 Disconnection 13

2.6 Survival 13

ARTICLE 3. REGULATORY FILINGS 13

3.1 Filing 13

ARTICLE 4. SCOPE OF Interconnection SERVICE 13

4.1 Provision of Service 13

4.2 No Transmission Delivery Service 14

4.3 No Other Services 14

ARTICLE 5. INTERCONNECTION FACILITIES ENGINEERING, PROCUREMENT,

AND CONSTRUCTION 14

5.1 Options 14

5.2 General Conditions Applicable to Option to Build 16

5.3 Liquidated Damages 17

5.4 Power System Stabilizers 18

5.5 Equipment Procurement 19

5.6 Construction Commencement 19

i

Service Agreement No. 1662

5.7 Work Progress 20

5.8 Information Exchange 20

5.9 Limited Operation 20

5.10 Developer’s Attachment Facilities (“DAF”) 20

5.11 Connecting Transmission Owner’s Attachment Facilities Construction 21

5.12 Access Rights 21

5.13 Lands of Other Property Owners 22

5.14 Permits 22

5.15 Early Construction of Base Case Facilities 22

5.16 Suspension 23

5.17 Taxes 23

5.18 Tax Status; Non-Jurisdictional Entities 23

5.19 Modification 24

ARTICLE 6. TESTING AND INSPECTION 25

6.1 Pre-Commercial Operation Date Testing and Modifications 25

6.2 Post-Commercial Operation Date Testing and Modifications 25

6.3 Right to Observe Testing 25

6.4 Right to Inspect 25

ARTICLE 7. METERING 26

7.1 General 26

7.2 Check Meters 26

7.3 Standards 26

7.4 Testing of Metering Equipment 27

7.5 Metering Data 27

ii

Service Agreement No. 1662

ARTICLE 8. COMMUNICATIONS 27

8.1 Developer Obligations 27

8.2 Remote Terminal Unit 28

8.3 No Annexation 28

ARTICLE 9. OPERATIONS 28

9.1 General 28

9.2 NYISO and Connecting Transmission Owner Obligations 28

9.3 Developer Obligations 28

9.4 Start-Up and Synchronization 29

9.5 Real and Reactive Power Control 29

9.6 Outages and Interruptions 30

9.7 Switching and Tagging Rules 34

9.8 Use of Attachment Facilities by Third Parties 34

9.9 Disturbance Analysis Data Exchange 35

ARTICLE 10. MAINTENANCE 35

10.1 Connecting Transmission Owner Obligations 35

10.2 Developer Obligations 35

10.3 Coordination 35

10.4 Secondary Systems 35

10.5 Operating and Maintenance Expenses 36

ARTICLE 11. PERFORMANCE OBLIGATION 36

11.1 Developer Attachment Facilities 36

11.2 Connecting Transmission Owner’s Attachment Facilities 36

11.3 System Upgrade Facilities and System Deliverability Upgrades 36

11.4 Special Provisions for Affected Systems 36

iii

Service Agreement No. 1662

11.5 Provision of Security 36

11.6 Developer Compensation for Emergency Services 37

11.7 Line Outage Costs 37

ARTICLE 12. INVOICE 37

12.1 General 37

12.2 Final Invoice 38

12.3 Payment 38

12.4 Disputes 38

ARTICLE 13. EMERGENCIES 38

13.1 Obligations 38

13.2 Notice 38

13.3 Immediate Action 39

13.4 NYISO and Connecting Transmission Owner Authority 39

13.5 Developer Authority 40

13.6 Limited Liability 40

ARTICLE 14. REGULATORY REQUIREMENTS AND GOVERNING LAW 40

14.1 Regulatory Requirements 40

14.2 Governing Law 41

ARTICLE 15. NOTICES 41

15.1 General 41

15.2 Billings and Payments 41

15.3 Alternative Forms of Notice 41

15.4 Operations and Maintenance Notice 41

ARTICLE 16. FORCE MAJEURE 41

16.1 Force Majeure 41

iv

Service Agreement No. 1662

ARTICLE 17. DEFAULT 42

17.1 Default 42

ARTICLE 18. INDEMNITY, CONSEQUENTIAL DAMAGES AND INSURANCE 43

18.1 Indemnity 43

18.2 No Consequential Damages 44

18.3 Insurance 44

ARTICLE 19. ASSIGNMENT 46

19.1 Assignment 46

ARTICLE 20. SEVERABILITY 47

20.1 Severability 47

ARTICLE 21. COMPARABILITY 47

21.1 Comparability 47

ARTICLE 22. CONFIDENTIALITY 47

22.1 Confidentiality 47

ARTICLE 23. ENVIRONMENTAL RELEASES 51

23.1 Developer and Connecting Transmission Owner Notice 51

ARTICLE 24. INFORMATION REQUIREMENT 51

24.1 Information Acquisition 51

24.2 Information Submission by Connecting Transmission Owner 51

24.3 Updated Information Submission by Developer 51

24.4 Information Supplementation 52

ARTICLE 25. INFORMATION ACCESS AND AUDIT RIGHTS 53

25.1 Information Access 53

25.2 Reporting of Non-Force Majeure Events 53

25.3 Audit Rights 53

25.4 Audit Rights Periods 53

v

Service Agreement No. 1662

25.5 Audit Results 54

ARTICLE 26. SUBCONTRACTORS 54

26.1 General 54

26.2 Responsibility of Principal 54

26.3 No Limitation by Insurance 54

ARTICLE 27. DISPUTES 55

27.1 Submission 55

27.2 External Arbitration Procedures 55

27.3 Arbitration Decisions 55

27.4 Costs 55

27.5 Termination 56

ARTICLE 28. REPRESENTATIONS, WARRANTIES AND COVENANTS 56

28.1 General 56

ARTICLE 29. MISCELLANEOUS 57

29.1 Binding Effect 57

29.2 Conflicts 57

29.3 Rules of Interpretation 57

29.4 Compliance 57

29.5 Joint and Several Obligations 58

29.6 Entire Agreement 58

29.7 No Third Party Beneficiaries 58

29.8 Waiver 58

29.9 Headings 58

29.10 Multiple Counterparts 58

29.11 Amendment 58

vi

Service Agreement No. 1662

29.12 Modification by the Parties 58

29.13 Reservation of Rights 59

29.14 No Partnership 59

29.15 Other Transmission Rights 59

Appendices 59

vii

Service Agreement No. 1662

STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT

THIS STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT (“Agreement”) is made and entered into this 15th day of October 2010, by and among Long
Island Solar Farm LLC, a limited liability company organized and existing under the laws of the State of Delaware (“Developer” with a Large Generating Facility), the New York Independent System Operator, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York (“NYISO”), and Long Island Lighting Company d/b/a LIPA, which is the “Connecting Transmission Owner,” and a wholly-owned subsidiary of the Long Island Power Authority (“Authority”) which is a corporate municipal instrumentality and political subdivision of the State of New York. Developer, the NYISO, or Connecting Transmission Owner each may be referred to as a “Party” or collectively referred to as the “Parties.”

RECITALS

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

WHEREAS, Connecting Transmission Owner is a non-jurisdictional municipal utility
pursuant to Section 201(f) of the Federal Power Act whose facilities are included in the New
York State Transmission System as Transmission Facilities Requiring ISO Notification; and

WHEREAS, Developer intends to own, lease and/or control and operate the Generating Facility identified as a Large Generating Facility in Appendix C to this Agreement; and,

WHEREAS, Developer, NYISO, and Connecting Transmission Owner have agreed to enter into this Agreement for the purpose of interconnecting the Large Generating Facility with the New York State Transmission System;

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

ARTICLE 1. DEFINITIONS

Whenever used in this Agreement with initial capitalization, the following terms shall
have the meanings specified in this Article 1. Terms used in this Agreement with initial
capitalization that are not defined in this Article 1 shall have the meanings specified in Section

30.1 of Attachment X or Attachment S of the NYISO OATT.

1

Service Agreement No. 1662

Affected System shall mean an electric system other than the transmission system

owned, controlled or operated by the Connecting Transmission Owner that may be affected by the proposed interconnection.

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

Affected Transmission Owner shall mean the New York public utility or authority (or its designated agent) other than the Connecting Transmission Owner that (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Tariff, and (ii) owns, leases or otherwise possesses an interest in a portion of the New York State Transmission System where System Deliverability Upgrades or System Upgrade Facilities are installed pursuant to Attachment X and Attachment S of the Tariff.

Affiliate shall mean, with respect to a person or entity, any individual, corporation,

partnership, firm, joint venture, association, joint-stock company, trust or unincorporated

organization, directly or indirectly controlling, controlled by, or under common control with,

such person or entity. The term “control” shall mean the possession, directly or indirectly, of the power to direct the management or policies of a person or an entity. A voting interest of ten percent or more shall create a rebuttable presumption of control.

Ancillary Services shall mean those services that are necessary to support the

transmission of Capacity and Energy from resources to Loads while maintaining reliable

operation of the New York State Transmission System in accordance with Good Utility Practice.

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

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

Applicable Reliability Standards shall mean the requirements and guidelines of the
Applicable Reliability Councils, and the Transmission District to which the Developer’s Large
Generating Facility is directly interconnected, as those requirements and guidelines are amended and modified and in effect from time to time; provided that no Party shall waive its right to
challenge the applicability or validity of any requirement or guideline as applied to it in the
context of this Agreement.

Attachment Facilities shall mean the Connecting Transmission Owner’s Attachment

Facilities and the Developer’s Attachment Facilities. Collectively, Attachment Facilities include
all facilities and equipment between the Large Generating Facility and the Point of
Interconnection, including any modification, additions or upgrades that are necessary to
physically and electrically interconnect the Large Generating Facility to the New York State
Transmission System. Attachment Facilities are sole use facilities and shall not include Stand

2

Service Agreement No. 1662

Alone System Upgrade Facilities or System Upgrade Facilities or System Deliverability Upgrades.

Base Case shall mean the base case power flow, short circuit, and stability data bases

used for the Interconnection Studies by NYISO, Connecting Transmission Owner or Developer; described in Section 30.2.3 of the Large Facility Interconnection Procedures.

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

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

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

Byway shall mean all transmission facilities comprising the New York State

Transmission System that are neither Highways nor Other Interfaces. All transmission facilities in Zone J and Zone K are Byways.

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

Capacity Region shall mean one of three subsets of the Installed Capacity statewide

markets comprised of Rest of State (Zones A through I), Long Island (Zone K), and New York City (Zone J).

Capacity Resource Interconnection Service (“CRIS”) shall mean the service provided by NYISO to interconnect the Developer’s Large Generating Facility to the New York State Transmission System in accordance with the NYISO Deliverability Interconnection Standard, to enable the New York State Transmission System to deliver electric capacity from the Large Generating Facility, pursuant to the terms of the NYISO OATT.

Class Year Deliverability Study shall mean an assessment, conducted by the NYISO staff in cooperation with Market Participants, to determine the System Deliverability Upgrades required for each generation and merchant transmission project included in the Class Year Interconnection Facilities Study to interconnect to the New York State Transmission System in compliance with the NYISO Deliverability Interconnection Standard.

Clustering shall mean the process whereby a group of Interconnection Requests is

studied together, instead of serially, for the purpose of conducting the Interconnection System Reliability Impact Study.

Commercial Operation shall mean the status of a Large Generating Facility that has
commenced generating electricity for sale, excluding electricity generated during Trial
Operation.

3

Service Agreement No. 1662

Commercial Operation Date of a unit shall mean the date on which the Large

Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to this Agreement.

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

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

Connecting Transmission Owner’s Attachment Facilities shall mean all facilities and
equipment owned, controlled or operated by the Connecting Transmission Owner from the Point
of Change of Ownership to the Point of Interconnection as identified in Appendix A to the
Standard Large Generator Interconnection Agreement, including any modifications, additions or
upgrades to such facilities and equipment. Connecting Transmission Owner’s Attachment
Facilities are sole use facilities and shall not include Stand Alone System Upgrade Facilities or
System Upgrade Facilities.

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

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

Deliverability Interconnection Standard shall mean the standard that must be met by
any Large Generating Facility proposing to interconnect to the New York State Transmission
System and become a qualified Installed Capacity Supplier. To meet the NYISO Deliverability
Interconnection Standard, the Developer of the proposed Large Generating Facility must, in
accordance with the rules in Attachment S to the NYISO OATT, fund or commit to fund the
System Deliverability Upgrades identified for its project in the Class Year Deliverability Study.

Developer shall mean an Eligible Customer developing a Large Generating Facility, proposing to connect to the New York State Transmission System, in compliance with the NYISO Minimum Interconnection Standard.

4

Service Agreement No. 1662

Developer’s Attachment Facilities shall mean all facilities and equipment, as identified in Appendix A of this Agreement, that are located between the Large Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such
facilities and equipment necessary to physically and electrically interconnect the Large
Generating Facility to the New York State Transmission System. Developer’s Attachment
Facilities are sole use facilities.

Dispute Resolution shall mean the procedure described in Article 27 of this Agreement for resolution of a dispute between the Parties.

Effective Date shall mean the date on which this Agreement becomes effective upon

execution by the Parties, subject to acceptance by the Commission, or if filed unexecuted, upon the date specified by the Commission.

Emergency State shall mean the condition or state that the New York State Power

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

Energy Resource Interconnection Service (“ERIS”) shall mean the service provided by NYISO to interconnect the Developer’s Large Generating Facility to the New York State Transmission System in accordance with the NYISO Minimum Interconnection Standard, to enable the New York State Transmission System to receive Energy and Ancillary Services from the Large Generating Facility, pursuant to the terms of the NYISO OATT.

Engineering & Procurement (E&P) Agreement shall mean an agreement that

authorizes Connecting Transmission Owner to begin engineering and procurement of long leadtime items necessary for the establishment of the interconnection in order to advance the
implementation of the Interconnection Request.

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

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a

et seq. (“FPA”).

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

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy,
war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or
equipment, any order, regulation or restriction imposed by governmental, military or lawfully
established civilian authorities, or any other cause beyond a Party’s control. A Force Majeure

5

Service Agreement No. 1662

event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Generating Facility shall mean Developer’s device for the production of electricity
identified in the Interconnection Request, but shall not include the Developer’s Attachment
Facilities.

Generating Facility Capacity shall mean the net seasonal capacity of the Generating Facility and the aggregate net seasonal capacity of the Generating Facility where it includes multiple energy production devices.

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

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

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

Highway shall mean 115 kV and higher transmission facilities that comprise the

following NYCA interfaces: Dysinger East, West Central, Volney East, Moses South, Central
East/Total East, UPNY-SENY and UPNY-ConEd, and their immediately connected, in series,
Bulk Power System facilities in New York State. Each interface shall be evaluated to determine
additional “in series” facilities, defined as any transmission facility higher than 115 kV that (a) is
located in an upstream or downstream zone adjacent to the interface and (b) has a power transfer
distribution factor (DFAX) equal to or greater than five percent when the aggregate of generation
in zones or systems adjacent to the upstream zone or zones which define the interface is shifted

6

Service Agreement No. 1662

to the aggregate of generation in zones or systems adjacent to the downstream zone or zones
which define the interface. In determining “in series” facilities for Dysinger East and West
Central interfaces, the 115 kV and 230 kV tie lines between NYCA and PJM located in LBMP
Zones A and B shall not participate in the transfer. Highway transmission facilities are listed in
ISO Procedures.

Initial Synchronization Date shall mean the date upon which the Large Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Developer reasonably expects it will be ready to begin use of the Connecting Transmission Owner’s Attachment Facilities to obtain back feed power.

Interconnection Facilities Study shall mean a study conducted by NYISO or a third
party consultant for the Developer to determine a list of facilities (including Connecting
Transmission Owner’s Attachment Facilities and System Upgrade Facilities and System
Deliverability Upgrades as identified in the Interconnection System Reliability Impact Study),
the cost of those facilities, and the time required to interconnect the Large Generating Facility
with the New York State Transmission System. The scope of the study is defined in Section

30.8 of the Standard Large Facility Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 4 of the Standard Large Facility Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean a preliminary evaluation of the system impact and cost of interconnecting the Large Generating Facility to the New York State
Transmission System, the scope of which is described in Section 30.6 of the Standard Large Facility Interconnection Procedures.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Facility Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request shall mean a Developer’s request, in the form of Appendix 1 to
the Standard Large Facility Interconnection Procedures, in accordance with the Tariff, to
interconnect a new Large Generating Facility to the New York State Transmission System, or to
increase the capacity of, or make a material modification to the operating characteristics of, an
existing Large Generating Facility that is interconnected with the New York State Transmission
System.

Interconnection Study shall mean any of the following studies: the Interconnection

Feasibility Study, the Interconnection System Reliability Impact Study, and the Interconnection Facilities Study described in the Standard Large Facility Interconnection Procedures.

7

Service Agreement No. 1662

Interconnection System Reliability Impact Study (“SRIS”) shall mean an engineering
study, conducted in accordance with Section 30.7 of the Large Facility Interconnection
Procedures, that evaluates the impact of the proposed Large Generating Facility on the safety and
reliability of the New York State Transmission System and, if applicable, an Affected System, to
determine what Attachment Facilities and System Upgrade Facilities are needed for the proposed
Large Generation Facility of the Developer to connect reliably to the New York State
Transmission System in a manner that meets the NYISO Minimum Interconnection Standard.

Interconnection System Reliability Impact Study Agreement shall mean the form of agreement contained in Appendix 3 of the Standard Large Facility Interconnection Procedures for conducting the Interconnection System Reliability Impact Study.

IRS shall mean the Internal Revenue Service.

Large Generating Facility shall mean a Generating Facility having a Generating Facility Capacity of more than 20 MW.

Loss shall mean any and all losses relating to injury to or death of any person or damage
to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all
other obligations by or to third parties, arising out of or resulting from the Indemnified Party’s
performance or non-performance of its obligations under this Agreement on behalf of the
Indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the
Indemnified Party.

Material Modification shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

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

Minimum Interconnection Standard shall mean the reliability standard that must be met by any Large Generating Facility proposing to connect to the New York State Transmission System. The Standard is designed to ensure reliable access by the proposed project to the New York State Transmission System. The Standard does not impose any deliverability test or
deliverability requirement on the proposed interconnection.

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

New York State Transmission System shall mean the entire New York State electric
transmission system, which includes (i) the Transmission Facilities under ISO Operational

8

Service Agreement No. 1662

Control; (ii) the Transmission Facilities Requiring ISO Notification; and (iii) all remaining transmission facilities within the New York Control Area.

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

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

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

Optional Interconnection Study shall mean a sensitivity analysis based on assumptions specified by the Developer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement shall mean the form of agreement contained in Appendix 5 of the Standard Large Facility Interconnection Procedures for conducting the Optional Interconnection Study.

Other Interfaces shall mean interfaces into New York capacity regions, Zone J and Zone K, and external ties into the New York Control Area.

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

Point of Change of Ownership shall mean the point, as set forth in Appendix A to this Agreement, where the Developer’s Attachment Facilities connect to the Connecting
Transmission Owner’s Attachment Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to this
Agreement, where the Attachment Facilities connect to the New York State Transmission
System.

Power Purchase Agreement (“PPA”) shall mean that certain Contract for the Purchase & Sale of Solar Energy and Conveyance of Renewable Attributes and Related Capacity dated as of February 5, 2010 between Developer and the Authority, and as it may be hereafter amended from time to time pursuant to the terms thereof, which relates to the purchase and sale of solar energy, and conveyance of renewable attributes and related capacity, from the Large Generating Facility to the Authority (in its role as a load-serving entity).

Queue Position shall mean the order of a valid Interconnection Request, relative to all

other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by NYISO.

9

Service Agreement No. 1662

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

Scoping Meeting shall mean the meeting between representatives of the Developer,

NYISO and Connecting Transmission Owner conducted for the purpose of discussing alternative
interconnection options, to exchange information including any transmission data and earlier
study evaluations that would be reasonably expected to impact such interconnection options, to
analyze such information, and to determine the potential feasible Points of Interconnection.

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

Site Control shall mean documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Large
Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Developer and the entity having the right to sell, lease or grant Developer the right to possess or occupy a site for such purpose.

Stand Alone System Upgrade Facilities shall mean System Upgrade Facilities that a Developer may construct without affecting day-to-day operations of the New York State
Transmission System during their construction. NYISO, the Connecting Transmission Owner and the Developer must agree as to what constitutes Stand Alone System Upgrade Facilities and identify them in Appendix A to this Agreement.

Standard Large Facility Interconnection Procedures (“LFIP”) shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in Attachment X of the NYISO OATT.

Standard Large Generator Interconnection Agreement (“LGIA”) shall mean this

Agreement, the form of interconnection agreement applicable to an Interconnection Request

pertaining to a Large Generating Facility, that is included in Attachment X of the NYISO OATT.

System Deliverability Upgrades shall mean the least costly configuration of

commercially available components of electrical equipment that can be used, consistent with Good Utility Practice and Applicable Reliability Requirements, to make the modifications or additions to Byways and Highways and Other Interfaces on the existing New York State
Transmission System that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO Deliverability Interconnection Standard at the requested level of Capacity Resource Interconnection Service.

10

Service Agreement No. 1662

System Protection Facilities shall mean the equipment, including necessary protection
signal communications equipment, required to (1) protect the New York State Transmission
System from faults or other electrical disturbances occurring at the Large Generating Facility and

(2) protect the Large Generating Facility from faults or other electrical system disturbances
occurring on the New York State Transmission System or on other delivery systems or other
generating systems to which the New York State Transmission System is directly connected.

System Upgrade Facilities shall mean the least costly configuration of commercially
available components of electrical equipment that can be used, consistent with Good Utility
Practice and Applicable Reliability Requirements, to make the modifications to the existing
transmission system that are required to maintain system reliability due to: (i) changes in the
system, including such changes as load growth and changes in load pattern, to be addressed in
the form of generic generation or transmission projects; and (ii) proposed interconnections. In

the case of proposed interconnection projects, System Upgrade Facilities are the modifications or additions to the existing New York State Transmission System that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO Minimum
Interconnection Standard.

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

Trial Operation shall mean the period during which Developer is engaged in on-site test
operations and commissioning of the Large Generating Facility prior to Commercial Operation.

ARTICLE 2. EFFECTIVE DATE, TERM AND TERMINATION

2.1 Effective Date. This Agreement shall become effective upon execution by the Parties,

subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC. The NYISO shall promptly file this Agreement with FERC upon execution in accordance with Article 3.1.

2.2 Term of Agreement. Subject to the provisions of Article 2.3, this Agreement shall

remain in effect for a period of ninety-nine (99) years from the Effective Date and shall be automatically renewed for each successive one-year period thereafter.

2.3 Termination.

2.3.1 Written Notice. This Agreement may be terminated by the Developer after
 giving the NYISO and Connecting Transmission Owner ninety (90) Calendar
 Days advance written notice, or by the NYISO notifying FERC after the Large
 Generating Facility permanently ceases Commercial Operations.

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

11

Service Agreement No. 1662

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

2.4 Termination Costs. If a Party elects to terminate this Agreement pursuant to Article

2.3.1 above, the terminating Party shall pay all costs incurred (including any cancellation
costs relating to orders or contracts for Attachment Facilities and equipment) or charges
assessed by the other Parties, as of the date of the other Parties’ receipt of such notice of
termination, that are the responsibility of the terminating Party under this Agreement. In
the event of termination by a Party, all Parties shall use commercially Reasonable Efforts
to mitigate the costs, damages and charges arising as a consequence of termination.

Upon termination of this Agreement, unless otherwise ordered or approved by FERC:

2.4.1 With respect to any portion of the Connecting Transmission Owner’s Attachment

Facilities that have not yet been constructed or installed, the Connecting

Transmission Owner shall to the extent possible and with Developer’s

authorization cancel any pending orders of, or return, any materials or equipment
for, or contracts for construction of, such facilities; provided that in the event
Developer elects not to authorize such cancellation, Developer shall assume all
payment obligations with respect to such materials, equipment, and contracts, and
the Connecting Transmission Owner shall deliver such material and equipment,
and, if necessary, assign such contracts, to Developer as soon as practicable, at
Developer’s expense. To the extent that Developer has already paid Connecting
Transmission Owner for any or all such costs of materials or equipment not taken
by Developer, Connecting Transmission Owner shall promptly refund such
amounts to Developer, less any costs, including penalties incurred by the
Connecting Transmission Owner to cancel any pending orders of or return such
materials, equipment, or contracts.

If Developer terminates this Agreement, it shall be responsible for all costs
incurred in association with Developer’s interconnection, including any
cancellation costs relating to orders or contracts for Attachment Facilities and
equipment, and other expenses including any System Upgrade Facilities and
System Deliverability Upgrades for which the Connecting Transmission Owner
has incurred expenses and has not been reimbursed by the Developer.

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

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

2.4.3 With respect to any portion of the Attachment Facilities, and any other facilities

already installed or constructed pursuant to the terms of this Agreement,

12

Service Agreement No. 1662

Developer shall be responsible for all costs associated with the removal,

relocation or other disposition or retirement of such materials, equipment, or facilities.

2.5 Disconnection. Upon termination of this Agreement, Developer and Connecting

Transmission Owner will take all appropriate steps to disconnect the Developer’s Large
Generating Facility from the New York State Transmission System. All costs required to
effectuate such disconnection shall be borne by the terminating Party, unless such
termination resulted from the non-terminating Party’s Default of this Agreement or such
non-terminating Party otherwise is responsible for these costs under this Agreement.

2.6 Survival. This Agreement shall continue in effect after termination to the extent

necessary to provide for final billings and payments and for costs incurred hereunder;

including billings and payments pursuant to this Agreement; to permit the determination
and enforcement of liability and indemnification obligations arising from acts or events
that occurred while this Agreement was in effect; and to permit Developer and
Connecting Transmission Owner each to have access to the lands of the other pursuant to
this Agreement or other applicable agreements, to disconnect, remove or salvage its own
facilities and equipment.

ARTICLE 3. REGULATORY FILINGS

3.1 Filing. NYISO and Connecting Transmission Owner shall file this Agreement (and any

amendment hereto) with the appropriate Governmental Authority, if required. In the case
of any such filing of the Agreement or an executed amendment hereto before FERC, the
NYISO will make such filing pursuant to its right under Section 205 of the Federal Power
Act, with LIPA joining in such filing as a non-jurisdictional entity. Any information
related to studies for interconnection asserted by Developer to contain Confidential
Information shall be treated in accordance with Article 22 of this Agreement and
Attachment F to the NYISO OATT. If the Developer has executed this Agreement, or
any amendment thereto, the Developer shall reasonably cooperate with NYISO and
Connecting Transmission Owner with respect to such filing and to provide any
information reasonably requested by NYISO and Connecting Transmission Owner
needed to comply with Applicable Laws and Regulations. Any filing of this Agreement,
notice of termination, or other filing made to FERC pursuant to this Agreement shall not
be construed to be any waiver of the status of the Authority and its operating subsidiary,
LIPA, as a non-jurisdictional municipal utility pursuant to Section 201(f) of the Federal
Power Act.

ARTICLE 4. SCOPE OF INTERCONNECTION SERVICE

4.1 Provision of Service. NYISO will provide Developer with interconnection service of the

following type for the term of this Agreement.

13

Service Agreement No. 1662

4.1.1 Product. NYISO will provide Energy Resource Interconnection Service and
 Capacity Resource Interconnection Service to Developer at the Point of
 Interconnection subject to the requirements of Appendix C, Section 2.

4.1.2 Developer is responsible for ensuring that its actual Large Generating Facility
 output matches the scheduled delivery from the Large Generating Facility to the
 New York State Transmission System, consistent with the scheduling
 requirements of the NYISO’s FERC-approved market structure, including
 ramping into and out of such scheduled delivery, as measured at the Point of
 Interconnection, consistent with the scheduling requirements of the NYISO
 OATT and any applicable FERC-approved market structure.

4.2 No Transmission Delivery Service. The execution of this Agreement does not

constitute a request for, nor agreement to provide, any Transmission Service under the
NYISO OATT, and does not convey any right to deliver electricity to any specific
customer or Point of Delivery. If Developer wishes to obtain Transmission Service on
the New York State Transmission System, then Developer must request such
Transmission Service in accordance with the provisions of the NYISO OATT.

4.3 No Other Services. The execution of this Agreement does not constitute a request for,

nor agreement to provide Energy, any Ancillary Services or Installed Capacity under the
NYISO Market Administration and Control Area Services Tariff (“Services Tariff”). If
Developer wishes to supply Energy, Installed Capacity or Ancillary Services, then
Developer will make application to do so in accordance with the NYISO Services Tariff.

ARTICLE 5. INTERCONNECTION FACILITIES ENGINEERING, PROCUREMENT,
 AND CONSTRUCTION

5.1 Options. Unless otherwise mutually agreed to by Developer and Connecting

Transmission Owner, Developer shall select the In-Service Date, Initial Synchronization
Date, and Commercial Operation Date; and either Standard Option or Alternate Option
set forth below for completion of the Connecting Transmission Owner’s Attachment
Facilities and System Upgrade Facilities and System Deliverability Upgrades as set forth
in Appendix A hereto, and such dates and selected option shall be set forth in Appendix
B hereto.

5.1.1 Standard Option. The Connecting Transmission Owner shall design, procure,
 and construct the Connecting Transmission Owner’s Attachment Facilities and
 System Upgrade Facilities and System Deliverability Upgrades, using Reasonable
 Efforts to complete the Connecting Transmission Owner’s Attachment Facilities
 and System Upgrade Facilities and System Deliverability Upgrades by the dates
 set forth in Appendix B hereto. The Connecting Transmission Owner shall not be
 required to undertake any action which is inconsistent with its standard safety
 practices, its material and equipment specifications, its design criteria and
 construction procedures, its labor agreements, and Applicable Laws and

14

Service Agreement No. 1662

Regulations. In the event the Connecting Transmission Owner reasonably

expects that it will not be able to complete the Connecting Transmission Owner’s Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades by the specified dates, the Connecting Transmission Owner shall
promptly provide written notice to the Developer and NYISO, and shall undertake Reasonable Efforts to meet the earliest dates thereafter.

5.1.2 Alternate Option. If the dates designated by Developer are acceptable to

Connecting Transmission Owner, the Connecting Transmission Owner shall so notify Developer and NYISO within thirty (30) Calendar Days, and shall assume responsibility for the design, procurement and construction of the Connecting Transmission Owner’s Attachment Facilities by the designated dates.

If Connecting Transmission Owner subsequently fails to complete Connecting

Transmission Owner’s Attachment Facilities by the In-Service Date, to the extent
necessary to provide back feed power; or fails to complete System Upgrade
Facilities or System Deliverability Upgrades by the Initial Synchronization Date
to the extent necessary to allow for Trial Operation at full power output, unless
other arrangements are made by the Developer and Connecting Transmission
Owner for such Trial Operation; or fails to complete the System Upgrade
Facilities and System Deliverability Upgrades by the Commercial Operation Date,
as such dates are reflected in Appendix B hereto; Connecting Transmission
Owner shall pay Developer liquidated damages in accordance with Article 5.3,
Liquidated Damages, provided, however, the dates designated by Developer shall
be extended day for day for each day that NYISO refuses to grant clearances to
install equipment.

5.1.3 Option to Build. If the dates designated by Developer are not acceptable to

Connecting Transmission Owner, the Connecting Transmission Owner shall so

notify the Developer and NYISO within thirty (30) Calendar Days, and unless the
Developer and Connecting Transmission Owner agree otherwise, Developer shall
have the option to assume responsibility for the design, procurement and
construction of Connecting Transmission Owner’s Attachment Facilities and
Stand Alone System Upgrade Facilities on the dates specified in Article 5.1.2;
provided that if an Attachment Facility or Stand Alone System Upgrade Facility is
needed for more than one Developer’s project, Developer’s option to build such
Facility shall be contingent on the agreement of all other affected Developers.
NYISO, Connecting Transmission Owner and Developer must agree as to what
constitutes Stand Alone System Upgrade Facilities and identify such Stand Alone
System Upgrade Facilities in Appendix A hereto. Except for Stand Alone System
Upgrade Facilities, Developer shall have no right to construct System Upgrade
Facilities under this option.

5.1.4 Negotiated Option. If the Developer elects not to exercise its option under

Article 5.1.3, Option to Build, Developer shall so notify Connecting Transmission

15

Service Agreement No. 1662

Owner and NYISO within thirty (30) Calendar Days, and the Developer and
Connecting Transmission Owner shall in good faith attempt to negotiate terms
and conditions (including revision of the specified dates and liquidated damages,
the provision of incentives or the procurement and construction of a portion of the
Connecting Transmission Owner’s Attachment Facilities and Stand Alone System
Upgrade Facilities by Developer) pursuant to which Connecting Transmission
Owner is responsible for the design, procurement and construction of the
Connecting Transmission Owner’s Attachment Facilities and System Upgrade
Facilities and System Deliverability Upgrades. If the two Parties are unable to
reach agreement on such terms and conditions, Connecting Transmission Owner
shall assume responsibility for the design, procurement and construction of the
Connecting Transmission Owner’s Attachment Facilities and System Upgrades
Facilities and System Deliverability Upgrades pursuant to 5.1.1, Standard Option.

5.2 General Conditions Applicable to Option to Build. If Developer assumes

responsibility for the design, procurement and construction of the Connecting

Transmission Owner’s Attachment Facilities and Stand Alone System Upgrade Facilities,

(1) Developer shall engineer, procure equipment, and construct the Connecting

Transmission Owner’s Attachment Facilities and Stand Alone System Upgrade Facilities (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by the Connecting Transmission Owner;

(2) Developer’s engineering, procurement and construction of the Connecting

Transmission Owner’s Attachment Facilities and Stand Alone System Upgrade Facilities
shall comply with all requirements of law to which Connecting Transmission Owner
would be subject in the engineering, procurement or construction of the Connecting
Transmission Owner’s Attachment Facilities and Stand Alone System Upgrade Facilities;

(3) Connecting Transmission Owner shall review and approve the engineering

design, equipment acceptance tests, and the construction of the Connecting Transmission Owner’s Attachment Facilities and Stand Alone System Upgrade Facilities;

(4) Prior to commencement of construction, Developer shall provide to Connecting
Transmission Owner and NYISO a schedule for construction of the Connecting
Transmission Owner’s Attachment Facilities and Stand Alone System Upgrade Facilities,
and shall promptly respond to requests for information from Connecting Transmission
Owner or NYISO;

(5) At any time during construction, Connecting Transmission Owner shall have the
right to gain unrestricted access to the Connecting Transmission Owner’s Attachment
Facilities and Stand Alone System Upgrade Facilities and to conduct inspections of the
same;

16

Service Agreement No. 1662

(6) At any time during construction, should any phase of the engineering, equipment procurement, or construction of the Connecting Transmission Owner’s Attachment
Facilities and Stand Alone System Upgrade Facilities not meet the standards and
specifications provided by Connecting Transmission Owner, the Developer shall be
obligated to remedy deficiencies in that portion of the Connecting Transmission Owner’s Attachment Facilities and Stand Alone System Upgrade Facilities;

(7) Developer shall indemnify Connecting Transmission Owner and NYISO for claims arising from the Developer’s construction of Connecting Transmission Owner’s Attachment Facilities and Stand Alone System Upgrade Facilities under procedures applicable to Article 18.1 Indemnity;

(8) Developer shall transfer control of Connecting Transmission Owner’s Attachment

Facilities and Stand Alone System Upgrade Facilities to the Connecting Transmission

Owner;

(9) Unless the Developer and Connecting Transmission Owner otherwise agree,
Developer shall transfer ownership of Connecting Transmission Owner’s Attachment
Facilities and Stand Alone System Upgrade Facilities to Connecting Transmission
Owner;

(10) Connecting Transmission Owner shall approve and accept for operation and maintenance the Connecting Transmission Owner’s Attachment Facilities and Stand Alone System Upgrade Facilities to the extent engineered, procured, and constructed in accordance with this Article 5.2; and

(11) Developer shall deliver to NYISO and Connecting Transmission Owner “as built” drawings, information, and any other documents that are reasonably required by NYISO or Connecting Transmission Owner to assure that the Attachment Facilities and Stand Alone System Upgrade Facilities are built to the standards and specifications required by Connecting Transmission Owner.

5.3 Liquidated Damages. The actual damages to the Developer, in the event the Connecting

Transmission Owner’s Attachment Facilities or System Upgrade Facilities or System

Deliverability Upgrades are not completed by the dates designated by the Developer and
accepted by the Connecting Transmission Owner pursuant to subparagraphs 5.1.2 or

5.1.4, above, may include Developer’s fixed operation and maintenance costs and lost

opportunity costs. Such actual damages are uncertain and impossible to determine at this
time. Because of such uncertainty, any liquidated damages paid by the Connecting
Transmission Owner to the Developer in the event that Connecting Transmission Owner
does not complete any portion of the Connecting Transmission Owner’s Attachment
Facilities or System Upgrade Facilities or System Deliverability Upgrades by the
applicable dates, shall be an amount equal to 1/2 of 1 percent per day of the actual cost of
the Connecting Transmission Owner’s Attachment Facilities and System Upgrade

17

Service Agreement No. 1662

Facilities and System Deliverability Upgrades, in the aggregate, for which Connecting
Transmission Owner has assumed responsibility to design, procure and construct.

However, in no event shall the total liquidated damages exceed 20 percent of the actual
cost of the Connecting Transmission Owner Attachment Facilities and System Upgrade
Facilities and System Deliverability Upgrades for which the Connecting Transmission
Owner has assumed responsibility to design, procure, and construct. The foregoing
payments will be made by the Connecting Transmission Owner to the Developer as just
compensation for the damages caused to the Developer, which actual damages are
uncertain and impossible to determine at this time, and as reasonable liquidated damages,
but not as a penalty or a method to secure performance of this Agreement. Liquidated
damages, when the Developer and Connecting Transmission Owner agree to them, are
the exclusive remedy for the Connecting Transmission Owner’s failure to meet its
schedule.

Further, Connecting Transmission Owner shall not pay liquidated damages to Developer
if: (1) Developer is not ready to commence use of the Connecting Transmission Owner’s
Attachment Facilities or System Upgrade Facilities or System Deliverability Upgrades to
take the delivery of power for the Developer’s Large Generating Facility’s Trial
Operation or to export power from the Developer’s Large Generating Facility on the
specified dates, unless the Developer would have been able to commence use of the
Connecting Transmission Owner’s Attachment Facilities or System Upgrade Facilities or
System Deliverability Upgrades to take the delivery of power for Developer’s Large
Generating Facility’s Trial Operation or to export power from the Developer’s Large
Generating Facility, but for Connecting Transmission Owner’s delay; (2) the Connecting
Transmission Owner’s failure to meet the specified dates is the result of the action or
inaction of the Developer or any other Developer who has entered into a Standard Large
Generator Interconnection Agreement with the Connecting Transmission Owner and
NYISO, or action or inaction by any other Party, or any other cause beyond Connecting
Transmission Owner’s reasonable control or reasonable ability to cure; (3) the Developer
has assumed responsibility for the design, procurement and construction of the
Connecting Transmission Owner’s Attachment Facilities and Stand Alone System
Upgrade Facilities; or (4) the Connecting Transmission Owner and Developer have
otherwise agreed.

In no event shall NYISO have any liability whatever to Developer for liquidated damages associated with the engineering, procurement or construction of Attachment Facilities or System Upgrade Facilities or System Deliverability Upgrades.

5.4 Power System Stabilizers. The Developer shall procure, install, maintain and operate

Power System Stabilizers in accordance with the requirements identified in the

Interconnection Studies conducted for Developer’s Large Generating Facility. NYISO
and Connecting Transmission Owner reserve the right to reasonably establish minimum
acceptable settings for any installed Power System Stabilizers, subject to the design and
operating limitations of the Large Generating Facility. If the Large Generating Facility’s

18

Service Agreement No. 1662

Power System Stabilizers are removed from service or not capable of automatic

operation, the Developer shall immediately notify the Connecting Transmission Owner
and NYISO. The requirements of this paragraph shall not apply to wind generators.

5.5 Equipment Procurement. If responsibility for construction of the Connecting

Transmission Owner’s Attachment Facilities or System Upgrade Facilities or System

Deliverability Upgrades is to be borne by the Connecting Transmission Owner, then the Connecting Transmission Owner shall commence design of the Connecting Transmission Owner’s Attachment Facilities or System Upgrade Facilities or System Deliverability
Upgrades and procure necessary equipment as soon as practicable after all of the
following conditions are satisfied, unless the Developer and Connecting Transmission
Owner otherwise agree in writing:

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

5.5.2 The NYISO has completed the required cost allocation analyses, and Developer
has accepted his share of the costs for necessary System Upgrade Facilities and System
Deliverability Upgrades in accordance with the provisions of Attachment S of the NYISO
OATT;

5.5.3 The Connecting Transmission Owner has received written authorization to proceed with design and procurement from the Developer by the date specified in Appendix B hereto; and

5.5.4 The Developer has provided security to the Connecting Transmission Owner in accordance with Article 11.5 by the dates specified in Appendix B hereto.

5.6 Construction Commencement. The Connecting Transmission Owner shall commence

construction of the Connecting Transmission Owner’s Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades for which it is responsible as soon as practicable after the following additional conditions are satisfied:

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

5.6.2 Necessary real property rights and rights-of-way have been obtained, to the extent
 required for the construction of a discrete aspect of the Connecting Transmission
 Owner’s Attachment Facilities and System Upgrade Facilities and System
 Deliverability Upgrades;

5.6.3 The Connecting Transmission Owner has received written authorization to

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

19

Service Agreement No. 1662

5.6.4 The Developer has provided security to the Connecting Transmission Owner in
 accordance with Article 11.5 by the dates specified in Appendix B hereto.

5.7 Work Progress. The Developer and Connecting Transmission Owner will keep each

other, and NYISO, advised periodically as to the progress of their respective design,
procurement and construction efforts. Any Party may, at any time, request a progress
report from the Developer or Connecting Transmission Owner. If, at any time, the
Developer determines that the completion of the Connecting Transmission Owner’s
Attachment Facilities will not be required until after the specified In-Service Date, the
Developer will provide written notice to the Connecting Transmission Owner and

NYISO of such later date upon which the completion of the Connecting Transmission Owner’s Attachment Facilities will be required.

5.8 Information Exchange. As soon as reasonably practicable after the Effective Date, the

Developer and Connecting Transmission Owner shall exchange information, and provide NYISO the same information, regarding the design and compatibility of their respective Attachment Facilities and compatibility of the Attachment Facilities with the New York State Transmission System, and shall work diligently and in good faith to make any
necessary design changes.

5.9 Limited Operation. If any of the Connecting Transmission Owner’s Attachment

Facilities or System Upgrade Facilities or System Deliverability Upgrades are not

reasonably expected to be completed prior to the Commercial Operation Date of the

Developer’s Large Generating Facility, NYISO shall, upon the request and at the expense of Developer, in conjunction with the Connecting Transmission Owner, perform
operating studies on a timely basis to determine the extent to which the Developer’s
Large Generating Facility and the Developer’s Attachment Facilities may operate prior to the completion of the Connecting Transmission Owner’s Attachment Facilities or System Upgrade Facilities or System Deliverability Upgrades consistent with Applicable Laws and Regulations, Applicable Reliability Standards, Good Utility Practice, and this
Agreement. Connecting Transmission Owner and NYISO shall permit Developer to
operate the Developer’s Large Generating Facility and the Developer’s Attachment
Facilities in accordance with the results of such studies.

5.10 Developer’s Attachment Facilities (“DAF”). Developer shall, at its expense, design,

procure, construct, own and install the DAF, as set forth in Appendix A hereto.

5.10.1 DAF Specifications. Developer shall submit initial specifications for the DAF,
 including System Protection Facilities, to Connecting Transmission Owner and
 NYISO at least one hundred eighty (180) Calendar Days prior to the Initial
 Synchronization Date; and final specifications for review and comment at least
 ninety (90) Calendar Days prior to the Initial Synchronization Date. Connecting
 Transmission Owner and NYISO shall review such specifications to ensure that
 the DAF are compatible with the technical specifications, operational control, and
 safety requirements of the Connecting Transmission Owner and NYISO and

20

Service Agreement No. 1662

comment on such specifications within thirty (30) Calendar Days of Developer’s submission. All specifications provided hereunder shall be deemed to be
Confidential Information.

5.10.2 No Warranty. The review of Developer’s final specifications by Connecting

Transmission Owner and NYISO shall not be construed as confirming, endorsing,
or providing a warranty as to the design, fitness, safety, durability or reliability of
the Large Generating Facility, or the DAF. Developer shall make such changes to
the DAF as may reasonably be required by Connecting Transmission Owner or
NYISO, in accordance with Good Utility Practice, to ensure that the DAF are
compatible with the technical specifications, operational control, and safety
requirements of the Connecting Transmission Owner and NYISO.

5.10.3 DAF Construction. The DAF shall be designed and constructed in accordance

with Good Utility Practice. Within one hundred twenty (120) Calendar Days after
the Commercial Operation Date, unless the Developer and Connecting
Transmission Owner agree on another mutually acceptable deadline, the
Developer shall deliver to the Connecting Transmission Owner and NYISO “as-
built” drawings, information and documents for the DAF, such as: a one-line
diagram, a site plan showing the Large Generating Facility and the DAF, plan and
elevation drawings showing the layout of the DAF, a relay functional diagram,
relaying AC and DC schematic wiring diagrams and relay settings for all facilities
associated with the Developer’s step-up transformers, the facilities connecting the
Large Generating Facility to the step-up transformers and the DAF, and the
impedances (determined by factory tests) for the associated step-up transformers
and the Large Generating Facility. The Developer shall provide to, and
coordinate with, Connecting Transmission Owner and NYISO with respect to
proposed specifications for the excitation system, automatic voltage regulator,
Large Generating Facility control and protection settings, transformer tap settings,
and communications, if applicable.

5.11 Connecting Transmission Owner’s Attachment Facilities Construction. The

Connecting Transmission Owner’s Attachment Facilities shall be designed and

constructed in accordance with Good Utility Practice. Upon request, within one hundred
twenty (120) Calendar Days after the Commercial Operation Date, unless the Connecting
Transmission Owner and Developer agree on another mutually acceptable deadline, the
Connecting Transmission Owner shall deliver to the Developer the following “as-built”
drawings, information and documents for the Connecting Transmission Owner’s
Attachment Facilities including all drawings and relay diagrams set forth in Appendix A.

The Connecting Transmission Owner’s Attachment Facilities and Stand Alone System

Upgrade Facilities shall be treated as Transmission Facilities Requiring ISO Notification.

5.12 Access Rights. Upon reasonable notice and supervision by the Granting Party, and
 subject to any required or necessary regulatory approvals, either the Connecting

21

Service Agreement No. 1662

Transmission Owner or Developer (“Granting Party”) shall furnish to the other of those
two Parties (“Access Party”) at no cost (except as may be otherwise provided for in the
agreements described in Appendix C or any amendments thereto) any rights of use,
licenses, rights of way and easements with respect to lands owned or controlled by the
Granting Party, its agents (if allowed under the applicable agency agreement), or any
Affiliate, that are necessary to enable the Access Party to obtain ingress and egress at the
Point of Interconnection to construct, operate, maintain, repair, test (or witness testing),
inspect, replace or remove facilities and equipment to: (i) interconnect the Large
Generating Facility with the New York State Transmission System; (ii) operate and
maintain the Large Generating Facility, the Attachment Facilities and the New York State
Transmission System; and (iii) disconnect or remove the Access Party’s facilities and
equipment upon termination of this Agreement. Subject to the provisions of, and except
as may be otherwise provided in the agreements described in Appendix C or any
amendments thereto, in exercising such licenses, rights of way and easements, the Access
Party shall not unreasonably disrupt or interfere with normal operation of the Granting
Party’s business and shall adhere to the safety rules and procedures established in
advance, as may be changed from time to time, by the Granting Party and provided to the
Access Party, and shall indemnify the Granting Party against all claims of injury or
damage from third parties resulting from the exercise of the access rights provided for
herein.

5.13 Lands of Other Property Owners. If any part of the Connecting Transmission Owner’s

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

5.14 Permits. NYISO, Connecting Transmission Owner and the Developer shall cooperate

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

5.15 Early Construction of Base Case Facilities. Developer may request Connecting

Transmission Owner to construct, and Connecting Transmission Owner shall construct,
subject to a binding cost allocation agreement reached in accordance with Attachment S
to the NYISO OATT, including Section 25.8.7 thereof, using Reasonable Efforts to
accommodate Developer’s In-Service Date, all or any portion of any System Upgrade
Facilities or System Deliverability Upgrades required for Developer to be interconnected

22

Service Agreement No. 1662

to the New York State Transmission System which are included in the Base Case of the Facilities Study for the Developer, and which also are required to be constructed for another Developer, but where such construction is not scheduled to be completed in time to achieve Developer’s In-Service Date.

5.16 Suspension. Developer reserves the right, upon written notice to Connecting

Transmission Owner and NYISO, to suspend at any time all work by Connecting

Transmission Owner associated with the construction and installation of Connecting
Transmission Owner’s Attachment Facilities and/or System Upgrade Facilities and/or
System Deliverability Upgrades required for only that Developer under this Agreement
with the condition that the New York State Transmission System shall be left in a safe
and reliable condition in accordance with Good Utility Practice and the safety and
reliability criteria of Connecting Transmission Owner and NYISO. In such event,
Developer shall be responsible for all reasonable and necessary costs and/or obligations
in accordance with Attachment S to the NYISO OATT including those which Connecting
Transmission Owner (i) has incurred pursuant to this Agreement prior to the suspension
and (ii) incurs in suspending such work, including any costs incurred to perform such
work as may be necessary to ensure the safety of persons and property and the integrity
of the New York State Transmission System during such suspension and, if applicable,
any costs incurred in connection with the cancellation or suspension of material,
equipment and labor contracts which Connecting Transmission Owner cannot reasonably
avoid; provided, however, that prior to canceling or suspending any such material,
equipment or labor contract, Connecting Transmission Owner shall obtain Developer’s
authorization to do so.

Connecting Transmission Owner shall invoice Developer for such costs pursuant to
Article 12 and shall use due diligence to minimize its costs. In the event Developer
suspends work by Connecting Transmission Owner required under this Agreement
pursuant to this Article 5.16, and has not requested Connecting Transmission Owner to
recommence the work required under this Agreement on or before the expiration of three

(3) years following commencement of such suspension, this Agreement shall be deemed terminated. The three-year period shall begin on the date the suspension is requested, or the date of the written notice to Connecting Transmission Owner and NYISO, if no
effective date is specified.

5.17 [This Article is intentionally reserved.]

5.18 Tax Status; Non-Jurisdictional Entities.

5.18.1 Tax Status. Each Party shall cooperate with the other Parties to maintain the
 other Parties’ tax status. Nothing in this Agreement is intended to adversely
 affect the tax status of any Party including the status of NYISO, or the status of
 any Connecting Transmission Owner with respect to the issuance of bonds
 including, but not limited to, Local Furnishing Bonds. Notwithstanding any other
 provisions of this Agreement, LIPA, NYPA and Consolidated Edison Company

23

Service Agreement No. 1662

of New York, Inc. shall not be required to comply with any provisions of this

Agreement that would result in the loss of tax-exempt status of any of their Tax-
Exempt Bonds or impair their ability to issue future tax-exempt obligations. For
purposes of this provision, Tax-Exempt Bonds shall include the obligations of the
Long Island Power Authority, NYPA and Consolidated Edison Company of New
York, Inc., the interest on which is not included in gross income under the
Internal Revenue Code.

5.18.2 Non-Jurisdictional Entities. LIPA and NYPA do not waive their exemptions,

pursuant to Section 201(f) of the FPA, from Commission jurisdiction with respect to the Commission’s exercise of the FPA’s general ratemaking authority.

5.19 Modification.

5.19.1 General. Either the Developer or Connecting Transmission Owner may

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

information shall be deemed to be Confidential Information hereunder and shall include information concerning the timing of such modifications and whether
such modifications are expected to interrupt the flow of electricity from the Large Generating Facility. The Party desiring to perform such work shall provide the relevant drawings, plans, and specifications to the other Party and NYISO at least ninety (90) Calendar Days in advance of the commencement of the work or such shorter period upon which the Parties may agree, which agreement shall not
unreasonably be withheld, conditioned or delayed.

In the case of Large Generating Facility modifications that do not require

Developer to submit an Interconnection Request, the NYISO shall provide, within
sixty (60) Calendar Days (or such other time as the Parties may agree), an
estimate of any additional modifications to the New York State Transmission
System, Connecting Transmission Owner’s Attachment Facilities or System
Upgrade Facilities or System Deliverability Upgrades necessitated by such
Developer modification and a good faith estimate of the costs thereof. The
Developer shall be responsible for the cost of any such additional modifications,
including the cost of studying the impact of the Developer modification.

5.19.2 Standards. Any additions, modifications, or replacements made to a Party’s
 facilities shall be designed, constructed and operated in accordance with this
 Agreement, NYISO requirements and Good Utility Practice.

24

Service Agreement No. 1662

5.19.3 Modification Costs. Developer shall not be assigned the costs of any additions,
 modifications, or replacements that Connecting Transmission Owner makes to the
 Connecting Transmission Owner’s Attachment Facilities or the New York State
 Transmission System to facilitate the interconnection of a third party to the
 Connecting Transmission Owner’s Attachment Facilities or the New York State
 Transmission System, or to provide Transmission Service to a third party under
 the NYISO OATT, except in accordance with the cost allocation procedures in
 Attachment S of the NYISO OATT. Developer shall be responsible for the costs
 of any additions, modifications, or replacements to the Developer Attachment
 Facilities that may be necessary to maintain or upgrade such Developer
 Attachment Facilities consistent with Applicable Laws and Regulations,
 Applicable Reliability Standards or Good Utility Practice.

ARTICLE 6. TESTING AND INSPECTION

6.1 Pre-Commercial Operation Date Testing and Modifications. Prior to the Commercial

Operation Date, the Connecting Transmission Owner shall test the Connecting

Transmission Owner’s Attachment Facilities and System Upgrade Facilities and System
Deliverability Upgrades and Developer shall test the Large Generating Facility and the
Developer Attachment Facilities to ensure their safe and reliable operation. Similar
testing may be required after initial operation. Developer and Connecting Transmission
Owner shall each make any modifications to its facilities that are found to be necessary as
a result of such testing. Developer shall bear the cost of all such testing and
modifications. Developer shall generate test energy at the Large Generating Facility only
if it has arranged for the injection of such test energy in accordance with NYISO
procedures.

6.2 Post-Commercial Operation Date Testing and Modifications. Developer and

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

6.3 Right to Observe Testing. Developer and Connecting Transmission Owner shall each

notify the other Party, and the NYISO, in advance of its performance of tests of its

Attachment Facilities. The other Party, and the NYISO, shall each have the right, at its own expense, to observe such testing.

6.4 Right to Inspect. Developer and Connecting Transmission Owner shall each have the

right, but shall have no obligation to: (i) observe the other Party’s tests and/or inspection of any of its System Protection Facilities and other protective equipment, including

25

Service Agreement No. 1662

Power System Stabilizers; (ii) review the settings of the other Party’s System Protection
Facilities and other protective equipment; and (iii) review the other Party’s maintenance
records relative to the Attachment Facilities, the System Protection Facilities and other
protective equipment. NYISO shall have these same rights of inspection as to the
facilities and equipment of Developer and Connecting Transmission Owner. A Party
may exercise these rights from time to time as it deems necessary upon reasonable notice
to the other Party. The exercise or non-exercise by a Party of any such rights shall not be
construed as an endorsement or confirmation of any element or condition of the
Attachment Facilities or the System Protection Facilities or other protective equipment or
the operation thereof, or as a warranty as to the fitness, safety, desirability, or reliability
of same. Any information that a Party obtains through the exercise of any of its rights
under this Article 6.4 shall be treated in accordance with Article 22 of this Agreement
and Attachment F to the NYISO OATT.

ARTICLE 7. METERING

7.1 General. Developer and Connecting Transmission Owner shall each comply with

applicable requirements of NYISO and the New York Public Service Commission when
exercising its rights and fulfilling its responsibilities under this Article 7. Unless
otherwise agreed by the Connecting Transmission Owner and NYISO approved meter
service provider and Developer, the Connecting Transmission Owner shall install
Metering Equipment at the Point of Interconnection prior to any operation of the Large
Generating Facility and shall own, operate, test and maintain such Metering Equipment.
Net power flows including MW and MVAR, MWHR and loss profile data to and from
the Large Generating Facility shall be measured at the Point of Interconnection.
Connecting Transmission Owner shall provide metering quantities, in analog and/or
digital form, as required, to Developer or NYISO upon request. Where the Point of
Interconnection for the Large Generating Facility is other than the generator terminal, the
Developer shall also provide gross MW and MVAR quantities at the generator terminal.
Developer shall bear all reasonable documented costs associated with the purchase,
installation, operation, testing and maintenance of the Metering Equipment.

7.2 Check Meters. Developer, at its option and expense, may install and operate, on its

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

check Connecting Transmission Owner’s meters. Such check meters shall be for check
purposes only and shall not be used for the measurement of power flows for purposes of
this Agreement, except as provided in Article 7.4 below. The check meters shall be
subject at all reasonable times to inspection and examination by Connecting
Transmission Owner or its designee. The installation, operation and maintenance thereof
shall be performed entirely by Developer in accordance with Good Utility Practice.

7.3 Standards. Connecting Transmission Owner shall install, calibrate, and test revenue

quality Metering Equipment including potential transformers and current transformers in
accordance with applicable ANSI and PSC standards as detailed in the NYISO Control

26

Service Agreement No. 1662

Center Communications Manual and in the NYISO Revenue Metering Requirements
Manual.

7.4 Testing of Metering Equipment. Connecting Transmission Owner shall inspect and test

all of its Metering Equipment upon installation and at least once every two (2) years

thereafter. If requested to do so by NYISO or Developer, Connecting Transmission

Owner shall, at Developer’s expense, inspect or test Metering Equipment more frequently
than every two (2) years. Connecting Transmission Owner shall give reasonable notice
of the time when any inspection or test shall take place, and Developer and NYISO may
have representatives present at the test or inspection. If at any time Metering Equipment
is found to be inaccurate or defective, it shall be adjusted, repaired or replaced at
Developer’s expense, in order to provide accurate metering, unless the inaccuracy or
defect is due to Connecting Transmission Owner’s failure to maintain, then Connecting
Transmission Owner shall pay. If Metering Equipment fails to register, or if the
measurement made by Metering Equipment during a test varies by more than two percent
from the measurement made by the standard meter used in the test, Connecting
Transmission Owner shall adjust the measurements by correcting all measurements for
the period during which Metering Equipment was in error by using Developer’s check
meters, if installed. If no such check meters are installed or if the period cannot be
reasonably ascertained, the adjustment shall be for the period immediately preceding the
test of the Metering Equipment equal to one-half the time from the date of the last
previous test of the Metering Equipment. The NYISO shall reserve the right to review all
associated metering equipment installation on the Developer’s or Connecting
Transmission Owner’s property at any time.

7.5 Metering Data. At Developer’s expense, the metered data shall be telemetered to one or

more locations designated by Connecting Transmission Owner, Developer and NYISO. Such telemetered data shall be used, under normal operating conditions, as the official measurement of the amount of energy delivered from the Large Generating Facility to the Point of Interconnection.

ARTICLE 8. COMMUNICATIONS

8.1 Developer Obligations. In accordance with applicable NYISO requirements, Developer

shall maintain satisfactory operating communications with Connecting Transmission
Owner and NYISO. Developer shall provide standard voice line, dedicated voice line
and facsimile communications at its Large Generating Facility control room or central
dispatch facility through use of either the public telephone system, or a voice
communications system that does not rely on the public telephone system. Developer
shall also provide the dedicated data circuit(s) necessary to provide Developer data to
Connecting Transmission Owner and NYISO as set forth in Appendix D hereto. The
data circuit(s) shall extend from the Large Generating Facility to the location(s) specified
by Connecting Transmission Owner and NYISO. Any required maintenance of such
communications equipment shall be performed by Developer. Operational
communications shall be activated and maintained under, but not be limited to, the

27

Service Agreement No. 1662

following events: system paralleling or separation, scheduled and unscheduled shutdowns, equipment clearances, and hourly and daily load data.

8.2 Remote Terminal Unit. Prior to the Initial Synchronization Date of the Large

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

Each Party will promptly advise the appropriate other Party if it detects or otherwise

learns of any metering, telemetry or communications equipment errors or malfunctions
that require the attention and/or correction by that other Party. The Party owning such
equipment shall correct such error or malfunction as soon as reasonably feasible.

8.3 No Annexation. Any and all equipment placed on the premises of a Party shall be and

remain the property of the Party providing such equipment regardless of the mode and

manner of annexation or attachment to real property, unless otherwise mutually agreed by the Party providing such equipment and the Party receiving such equipment.

ARTICLE 9. OPERATIONS

9.1 General. Each Party shall comply with Applicable Laws and Regulations and

Applicable Reliability Standards. Each Party shall provide to the other Parties all information that may reasonably be required by the other Parties to comply with Applicable Laws and Regulations and Applicable Reliability Standards.

9.2 NYISO and Connecting Transmission Owner Obligations. Connecting Transmission

Owner and NYISO shall cause the New York State Transmission System and the

Connecting Transmission Owner’s Attachment Facilities to be operated, maintained and
controlled in a safe and reliable manner in accordance with this Agreement and the
NYISO Tariffs. Connecting Transmission Owner and NYISO may provide operating
instructions to Developer consistent with this Agreement, NYISO procedures and
Connecting Transmission Owner’s operating protocols and procedures as they may
change from time to time. Connecting Transmission Owner and NYISO will consider
changes to their respective operating protocols and procedures proposed by Developer.

9.3 Developer Obligations. Developer shall at its own expense operate, maintain and

control the Large Generating Facility and the Developer Attachment Facilities in a safe
and reliable manner and in accordance with this Agreement. Developer shall operate the

28

Service Agreement No. 1662

Large Generating Facility and the Developer Attachment Facilities in accordance with NYISO and Connecting Transmission Owner requirements, as such requirements are set forth or referenced in Appendix C hereto. Appendix C will be modified to reflect
changes to the requirements as they may change from time to time. Any Party may
request that the appropriate other Party or Parties provide copies of the requirements set forth or referenced in Appendix C hereto.

9.4 Start-Up and Synchronization. Consistent with the mutually acceptable procedures of

the Developer and Connecting Transmission Owner, the Developer is responsible for the proper synchronization of the Large Generating Facility to the New York State
Transmission System in accordance with NYISO and Connecting Transmission Owner procedures and requirements.

9.5 Real and Reactive Power Control.

9.5.1 Power Factor Design Criteria. Developer shall design the Large Generating
 Facility to maintain an effective power delivery at demonstrated maximum net
 capability at the Point of Interconnection at a power factor within the range
 established by the Connecting Transmission Owner on a comparable basis, until
 NYISO has established different requirements that apply to all generators in the
 New York Control Area on a comparable basis.

The Developer shall design and maintain the plant auxiliary systems to operate safely throughout the entire real and reactive power design range.

The Connecting Transmission Owner shall not unreasonably restrict or condition the reactive power production or absorption of the Large Generating Facility in accordance with Good Utility Practice.

9.5.2 Voltage Schedules. Once the Developer has synchronized the Large

Generating Facility with the New York State Transmission System, NYISO
shall require Developer to operate the Large Generating Facility to produce or
absorb reactive power within the design capability of the Large Generating
Facility set forth in Article 9.5.1 (Power Factor Design Criteria). NYISO’s
voltage schedules shall treat all sources of reactive power in the New York
Control Area in an equitable and not unduly discriminatory manner. NYISO
shall exercise Reasonable Efforts to provide Developer with such schedules in

accordance with NYISO procedures, and may make changes to such schedules
as necessary to maintain the reliability of the New York State Transmission
System. Developer shall operate the Large Generating Facility to maintain the
specified output voltage or power factor at the Point of Interconnection within
the design capability of the Large Generating Facility set forth in Article 9.5.1
(Power Factor Design Criteria) as directed by the Connecting Transmission

Owner’s System Operator or the NYISO. If Developer is unable to maintain the specified voltage or power factor, it shall promptly notify NYISO.

29

Service Agreement No. 1662

9.5.3 Payment for Reactive Power. NYISO shall pay Developer for reactive power or
 voltage support service that Developer provides from the Large Generating
 Facility in accordance with the provisions of Rate Schedule 2 of the NYISO
 Services Tariff.

9.5.4 Governors and Regulators. Whenever the Large Generating Facility is operated
 in parallel with the New York State Transmission System, the turbine speed
 governors and automatic voltage regulators shall be in automatic operation at all
 times. If the Large Generating Facility’s speed governors or automatic voltage
 regulators are not capable of such automatic operation, the Developer shall
 immediately notify NYISO, or its designated representative, and ensure that such
 Large Generating Facility’s real and reactive power are within the design
 capability of the Large Generating Facility’s generating unit(s) and steady state
 stability limits and NYISO system operating (thermal, voltage and transient
 stability) limits. Developer shall not cause its Large Generating Facility to
 disconnect automatically or instantaneously from the New York State
 Transmission System or trip any generating unit comprising the Large Generating
 Facility for an under or over frequency condition unless the abnormal frequency
 condition persists for a time period beyond the limits set forth in ANSI/IEEE
 Standard C37.106, or such other standard as applied to other generators in the
 New York Control Area on a comparable basis.

9.6 Outages and Interruptions.

9.6.1 Outages.

9.6.1.1 Outage Authority and Coordination. Developer and Connecting

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

9.6.1.2 Outage Schedules. The Connecting Transmission Owner shall post

scheduled outages of its transmission facilities on the NYISO OASIS.
Developer shall submit its planned maintenance schedules for the
Large Generating Facility to Connecting Transmission Owner and

30

Service Agreement No. 1662

NYISO for a minimum of a rolling thirty-six month period. Developer
shall update its planned maintenance schedules as necessary. NYISO
may direct, or the Connecting Transmission Owner may request,
Developer to reschedule its maintenance as necessary to maintain the
reliability of the New York State Transmission System. Compensation
to Developer for any additional direct costs that the Developer incurs
as a result of rescheduling maintenance, including any additional
overtime, breaking of maintenance contracts or other costs above and
beyond the cost the Developer would have incurred absent the request
to reschedule maintenance, shall be in accordance with the NYISO
OATT. Developer will not be eligible to receive compensation, if
during the twelve (12) months prior to the date of the scheduled
maintenance, the Developer had modified its schedule of maintenance
activities other than at the direction of the NYISO or request of the
Connecting Transmission Owner.

9.6.1.3 Outage Restoration. If an outage on the Attachment Facilities or

System Upgrade Facilities or System Deliverability Upgrades of the
Connecting Transmission Owner or Developer adversely affects the
other Party’s operations or facilities, the Party that owns the facility
that is out of service shall use Reasonable Efforts to promptly restore
such facility(ies) to a normal operating condition consistent with the
nature of the outage. The Party that owns the facility that is out of
service shall provide the other Party and NYISO, to the extent such
information is known, information on the nature of the Emergency
State, an estimated time of restoration, and any corrective actions

required. Initial verbal notice shall be followed up as soon as

practicable with written notice explaining the nature of the outage.

9.6.2 Interruption of Service. If required by Good Utility Practice or Applicable

Reliability Standards to do so, the NYISO or Connecting Transmission Owner may require Developer to interrupt or reduce production of electricity if such production of electricity could adversely affect the ability of NYISO and
Connecting Transmission Owner to perform such activities as are necessary to safely and reliably operate and maintain the New York State Transmission
System. The following provisions shall apply to any interruption or reduction permitted under this Article 9.6.2:

9.6.2.1 The interruption or reduction shall continue only for so long as

reasonably necessary under Good Utility Practice;

9.6.2.2 Any such interruption or reduction shall be made on an equitable, non-

discriminatory basis with respect to all generating facilities directly connected to the New York State Transmission System;

31

Service Agreement No. 1662

9.6.2.3 When the interruption or reduction must be made under circumstances

which do not allow for advance notice, NYISO or Connecting

Transmission Owner shall notify Developer by telephone as soon as
practicable of the reasons for the curtailment, interruption, or
reduction, and, if known, its expected duration. Telephone notification
shall be followed by written notification as soon as practicable;

9.6.2.4 Except during the existence of an Emergency State, when the

interruption or reduction can be scheduled without advance notice,

NYISO or Connecting Transmission Owner shall notify Developer in
advance regarding the timing of such scheduling and further notify
Developer of the expected duration. NYISO or Connecting
Transmission Owner shall coordinate with each other and the
Developer using Good Utility Practice to schedule the interruption or
reduction during periods of least impact to the Developer, the
Connecting Transmission Owner and the New York State
Transmission System;

9.6.2.5 The Parties shall cooperate and coordinate with each other to the

extent necessary in order to restore the Large Generating Facility,

Attachment Facilities, and the New York State Transmission System to their normal operating state, consistent with system conditions and Good Utility Practice.

9.6.3 Under-Frequency and Over Frequency Conditions. The New York State

Transmission System is designed to automatically activate a load-shed program as
required by the NPCC in the event of an under-frequency system disturbance.
Developer shall implement under-frequency and over-frequency relay set points
for the Large Generating Facility as required by the NPCC to ensure “ride
through” capability of the New York State Transmission System. Large
Generating Facility response to frequency deviations of predetermined
magnitudes, both under-frequency and over-frequency deviations, shall be studied
and coordinated with the NYISO and Connecting Transmission Owner in
accordance with Good Utility Practice. The term “ride through” as used herein
shall mean the ability of a Generating Facility to stay connected to and
synchronized with the New York State Transmission System during system
disturbances within a range of under-frequency and over-frequency conditions, in
accordance with Good Utility Practice and with NPCC criteria A-3.

9.6.4 System Protection and Other Control Requirements.

9.6.4.1 System Protection Facilities. Developer shall, at its expense, install,

operate and maintain System Protection Facilities as a part of the

Large Generating Facility or Developer Attachment Facilities.

Connecting Transmission Owner shall install at Developer’s expense

32

Service Agreement No. 1662

any System Protection Facilities that may be required on the

Connecting Transmission Owner Attachment Facilities or the New
York State Transmission System as a result of the interconnection of
the Large Generating Facility and Developer Attachment Facilities.

9.6.4.2 The protection facilities of both the Developer and Connecting

Transmission Owner shall be designed and coordinated with other systems in accordance with Good Utility Practice and Applicable Reliability Standards.

9.6.4.3 The Developer and Connecting Transmission Owner shall each be

responsible for protection of its respective facilities consistent with Good Utility Practice and Applicable Reliability Standards.

9.6.4.4 The protective relay design of the Developer and Connecting

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

9.6.4.5 The Developer and Connecting Transmission Owner will each test,

operate and maintain System Protection Facilities in accordance with Good Utility Practice and NPCC criteria.

9.6.4.6 Prior to the In-Service Date, and again prior to the Commercial

Operation Date, the Developer and Connecting Transmission Owner
shall each perform, or their agents shall perform, a complete
calibration test and functional trip test of the System Protection
Facilities. At intervals suggested by Good Utility Practice and
following any apparent malfunction of the System Protection
Facilities, the Developer and Connecting Transmission Owner shall
each perform both calibration and functional trip tests of its System
Protection Facilities. These tests do not require the tripping of any in-
service generation unit. These tests do, however, require that all
protective relays and lockout contacts be activated.

9.6.5 Requirements for Protection. In compliance with NPCC requirements and

Good Utility Practice, Developer shall provide, install, own, and maintain relays,
circuit breakers and all other devices necessary to remove any fault contribution
of the Large Generating Facility to any short circuit occurring on the New York
State Transmission System not otherwise isolated by Connecting Transmission
Owner’s equipment, such that the removal of the fault contribution shall be
coordinated with the protective requirements of the New York State Transmission

33

Service Agreement No. 1662

System. Such protective equipment shall include, without limitation, a

disconnecting device or switch with load-interrupting capability located between
the Large Generating Facility and the New York State Transmission System at a
site selected upon mutual agreement (not to be unreasonably withheld,
conditioned or delayed) of the Developer and Connecting Transmission Owner.
Developer shall be responsible for protection of the Large Generating Facility and
Developer’s other equipment from such conditions as negative sequence currents,
over- or under-frequency, sudden load rejection, over- or under-voltage, and
generator loss-of-field. Developer shall be solely responsible to disconnect the
Large Generating Facility and Developer’s other equipment if conditions on the
New York State Transmission System could adversely affect the Large
Generating Facility.

9.6.6 Power Quality. Neither the facilities of Developer nor the facilities of

Connecting Transmission Owner shall cause excessive voltage flicker nor

introduce excessive distortion to the sinusoidal voltage or current waves as

defined by ANSI Standard C84.1-1989, in accordance with IEEE Standard 519, or any applicable superseding electric industry standard. In the event of a conflict between ANSI Standard C84.1-1989, or any applicable superseding electric
industry standard, ANSI Standard C84.1-1989, or the applicable superseding
electric industry standard, shall control.

9.7 Switching and Tagging Rules. The Developer and Connecting Transmission Owner

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

9.8 Use of Attachment Facilities by Third Parties.

9.8.1 Purpose of Attachment Facilities. Except as may be required by Applicable
 Laws and Regulations, or as otherwise agreed to among the Parties, the
 Attachment Facilities shall be constructed for the sole purpose of interconnecting
 the Large Generating Facility to the New York State Transmission System and
 shall be used for no other purpose.

9.8.2 Third Party Users. If required by Applicable Laws and Regulations or if the

Parties mutually agree, such agreement not to be unreasonably withheld, to allow
one or more third parties to use the Connecting Transmission Owner’s
Attachment Facilities, or any part thereof, Developer will be entitled to
compensation for the capital expenses it incurred in connection with the
Attachment Facilities based upon the pro rata use of the Attachment Facilities by
Connecting Transmission Owner, all third party users, and Developer, in
accordance with Applicable Laws and Regulations or upon some other mutually-

34

Service Agreement No. 1662

agreed upon methodology. In addition, cost responsibility for ongoing costs, including operation and maintenance costs associated with the Attachment
Facilities, will be allocated between Developer and any third party users based upon the pro rata use of the Attachment Facilities by Connecting Transmission Owner, all third party users, and Developer, in accordance with Applicable Laws and Regulations or upon some other mutually agreed upon methodology. If the issue of such compensation or allocation cannot be resolved through such
negotiations, it shall be submitted to FERC for resolution.

9.9 Disturbance Analysis Data Exchange. The Parties will cooperate with one another and

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

ARTICLE 10. MAINTENANCE

10.1 Connecting Transmission Owner Obligations. Connecting Transmission Owner shall

maintain its transmission facilities and Attachment Facilities in a safe and reliable manner and in accordance with this Agreement.

10.2 Developer Obligations. Developer shall maintain its Large Generating Facility and

Attachment Facilities in a safe and reliable manner and in accordance with this

Agreement.

10.3 Coordination. The Developer and Connecting Transmission Owner shall confer

regularly to coordinate the planning, scheduling and performance of preventive and

corrective maintenance on the Large Generating Facility and the Attachment Facilities.

The Developer and Connecting Transmission Owner shall keep NYISO fully informed of the preventive and corrective maintenance that is planned, and shall schedule all such maintenance in accordance with NYISO procedures.

10.4 Secondary Systems. The Developer and Connecting Transmission Owner shall each

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

35

Service Agreement No. 1662

10.5 Operating and Maintenance Expenses. Subject to the provisions herein addressing the

use of facilities by others, and except for operations and maintenance expenses associated with modifications made for providing interconnection or transmission service to a third party and such third party pays for such expenses, Developer shall be responsible for all
reasonable expenses including overheads, associated with: (1) owning, operating,
maintaining, repairing, and replacing Developer Attachment Facilities; and (2) operation, maintenance, repair and replacement of Connecting Transmission Owner’s Attachment
Facilities. The Connecting Transmission Owner shall be entitled to the recovery of
incremental operating and maintenance expenses that it incurs associated with System
Upgrade Facilities and System Deliverability Upgrades if and to the extent provided for
under Attachment S to the NYISO OATT.

ARTICLE 11. PERFORMANCE OBLIGATION

11.1 Developer Attachment Facilities. Developer shall design, procure, construct, install,

own and/or control the Developer Attachment Facilities described in Appendix A hereto, at its sole expense.

11.2 Connecting Transmission Owner’s Attachment Facilities. Connecting Transmission

Owner shall design, procure, construct, install, own and/or control the Connecting

Transmission Owner’s Attachment Facilities described in Appendix A hereto, at the sole expense of the Developer.

11.3 System Upgrade Facilities and System Deliverability Upgrades. Connecting

Transmission Owner shall design, procure, construct, install, and own the System

Upgrade Facilities and System Deliverability Upgrades described in Appendix A hereto. The responsibility of the Developer for costs related to System Upgrade Facilities and System Deliverability Upgrades shall be determined in accordance with the provisions of Attachment S to the NYISO OATT.

11.4 Special Provisions for Affected Systems. For the re-payment of amounts advanced to

Affected System Operator for System Upgrade Facilities or System Deliverability

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

11.5 Provision of Security. At least thirty (30) Calendar Days prior to the commencement of

the procurement, installation, or construction of a discrete portion of a Connecting

Transmission Owner’s Attachment Facilities, Developer shall provide Connecting

Transmission Owner, at Developer’s option, a guarantee, a surety bond, letter of credit or
other form of security that is reasonably acceptable to Connecting Transmission Owner
and is consistent with the Uniform Commercial Code of the jurisdiction identified in

36

Service Agreement No. 1662

Article 14.2.1 of this Agreement. Such security for payment shall be in an amount sufficient to cover the cost for the Developer’s share of constructing, procuring and installing the applicable portion of Connecting Transmission Owner’s Attachment Facilities, and shall be reduced on a dollar-for-dollar basis for payments made to Connecting Transmission Owner for these purposes.

In addition:

11.5.1 The guarantee must be made by an entity that meets the commercially reasonable
 creditworthiness requirements of Connecting Transmission Owner, and contains
 terms and conditions that guarantee payment of any amount that may be due from
 Developer, up to an agreed-to maximum amount.

11.5.2 The letter of credit must be issued by a financial institution reasonably acceptable
 to Connecting Transmission Owner and must specify a reasonable expiration date.

11.5.3 The surety bond must be issued by an insurer reasonably acceptable to

Connecting Transmission Owner and must specify a reasonable expiration date.

11.5.4 Attachment S to the NYISO OATT shall govern the Security that Developer
 provides for System Upgrade Facilities and System Deliverability Upgrades.

11.6 Developer Compensation for Emergency Services. If, during an Emergency State, the

Developer provides services at the request or direction of the NYISO or Connecting

Transmission Owner, the Developer will be compensated for such services in accordance with the NYISO Services Tariff.

11.7 Line Outage Costs. Notwithstanding anything in the NYISO OATT to the contrary, the

Connecting Transmission Owner may propose to recover line outage costs associated
with the installation of Connecting Transmission Owner’s Attachment Facilities or
System Upgrade Facilities or System Deliverability Upgrades on a case-by-case basis.

ARTICLE 12. INVOICE

12.1 General. The Developer and Connecting Transmission Owner shall each submit to the
 other Party, on a monthly basis, invoices of amounts due for the preceding month. Each
 invoice shall state the month to which the invoice applies and fully describe the services
 and equipment provided. The Developer and Connecting Transmission Owner may
 discharge mutual debts and payment obligations due and owing to each other on the same
 date through netting, in which case all amounts one Party owes to the other Party under
 this Agreement, including interest payments or credits, shall be netted so that only the net
 amount remaining due shall be paid by the owing Party.

37

Service Agreement No. 1662

12.2 Final Invoice. Within six months after completion of the construction of the Connecting
 Transmission Owner’s Attachment Facilities and the System Upgrade Facilities and
 System Deliverability Upgrades, Connecting Transmission Owner shall provide an
 invoice of the final cost of the construction of the Connecting Transmission Owner’s
 Attachment Facilities and the System Upgrade Facilities and System Deliverability
 Upgrades, determined in accordance with Attachment S to the NYISO OATT, and shall
 set forth such costs in sufficient detail to enable Developer to compare the actual costs
 with the estimates and to ascertain deviations, if any, from the cost estimates.
 Connecting Transmission Owner shall refund to Developer any amount by which the
 actual payment by Developer for estimated costs exceeds the actual costs of construction
 within thirty (30) Calendar Days of the issuance of such final construction invoice.

12.3 Payment. Invoices shall be rendered to the paying Party at the address specified in

Appendix F hereto. The Party receiving the invoice shall pay the invoice within thirty

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

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

ARTICLE 13. EMERGENCIES

13.1 Obligations. Each Party shall comply with the Emergency State procedures of NYISO,

the applicable Reliability Councils, Applicable Laws and Regulations, and any emergency procedures agreed to by the NYISO Operating Committee.

13.2 Notice. NYISO or, as applicable, Connecting Transmission Owner shall notify

Developer promptly when it becomes aware of an Emergency State that affects the

Connecting Transmission Owner’s Attachment Facilities or the New York State

Transmission System that may reasonably be expected to affect Developer’s operation of
the Large Generating Facility or the Developer’s Attachment Facilities. Developer shall
notify NYISO and Connecting Transmission Owner promptly when it becomes aware of
an Emergency State that affects the Large Generating Facility or the Developer
Attachment Facilities that may reasonably be expected to affect the New York State
Transmission System or the Connecting Transmission Owner’s Attachment Facilities.

38

Service Agreement No. 1662

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

13.3 Immediate Action. Unless, in Developer’s reasonable judgment, immediate action is

required, Developer shall obtain the consent of Connecting Transmission Owner, such consent to not be unreasonably withheld, prior to performing any manual switching operations at the Large Generating Facility or the Developer Attachment Facilities in response to an Emergency State either declared by NYISO, Connecting Transmission Owner or otherwise regarding New York State Transmission System.

13.4 NYISO and Connecting Transmission Owner Authority.

13.4.1 General. NYISO or Connecting Transmission Owner may take whatever actions
 with regard to the New York State Transmission System or the Connecting
 Transmission Owner’s Attachment Facilities it deems necessary during an
 Emergency State in order to (i) preserve public health and safety, (ii) preserve the
 reliability of the New York State Transmission System or the Connecting
 Transmission Owner’s Attachment Facilities, (iii) limit or prevent damage, and
 (iv) expedite restoration of service.

NYISO and Connecting Transmission Owner shall use Reasonable Efforts to

minimize the effect of such actions or inactions on the Large Generating Facility
or the Developer Attachment Facilities. NYISO or Connecting Transmission
Owner may, on the basis of technical considerations, require the Large Generating
Facility to mitigate an Emergency State by taking actions necessary and limited in
scope to remedy the Emergency State, including, but not limited to, directing
Developer to shut-down, start-up, increase or decrease the real or reactive power
output of the Large Generating Facility; implementing a reduction or
disconnection pursuant to Article 13.4.2; directing the Developer to assist with
blackstart (if available) or restoration efforts; or altering the outage schedules of
the Large Generating Facility and the Developer Attachment Facilities.
Developer shall comply with all of the NYISO and Connecting Transmission
Owner’s operating instructions concerning Large Generating Facility real power
and reactive power output within the manufacturer’s design limitations of the
Large Generating Facility’s equipment that is in service and physically available
for operation at the time, in compliance with Applicable Laws and Regulations.

13.4.2 Reduction and Disconnection. NYISO or Connecting Transmission Owner may

reduce Energy Resource Interconnection Service and Capacity Resource

Interconnection Service or disconnect the Large Generating Facility or the

Developer Attachment Facilities, when such reduction or disconnection is

necessary under Good Utility Practice due to an Emergency State. These rights

39

Service Agreement No. 1662

are separate and distinct from any right of Curtailment of NYISO pursuant to the
NYISO OATT. When NYISO or Connecting Transmission Owner can schedule
the reduction or disconnection in advance, NYISO or Connecting Transmission
Owner shall notify Developer of the reasons, timing and expected duration of the
reduction or disconnection. NYISO or Connecting Transmission Owner shall
coordinate with the Developer using Good Utility Practice to schedule the

reduction or disconnection during periods of least impact to the Developer and the
New York State Transmission System. Any reduction or disconnection shall
continue only for so long as reasonably necessary under Good Utility Practice.
The Parties shall cooperate with each other to restore the Large Generating
Facility, the Attachment Facilities, and the New York State Transmission System
to their normal operating state as soon as practicable consistent with Good Utility
Practice.

13.5 Developer Authority. Consistent with Good Utility Practice and this Agreement, the

Developer may take whatever actions or inactions with regard to the Large Generating
Facility or the Developer Attachment Facilities during an Emergency State in order to (i)
preserve public health and safety, (ii) preserve the reliability of the Large Generating
Facility or the Developer Attachment Facilities, (iii) limit or prevent damage, and (iv)
expedite restoration of service. Developer shall use Reasonable Efforts to minimize the
effect of such actions or inactions on the New York State Transmission System and the
Connecting Transmission Owner’s Attachment Facilities. NYISO and Connecting
Transmission Owner shall use Reasonable Efforts to assist Developer in such actions.

13.6 Limited Liability. Except as otherwise provided in Article 11.6 of this Agreement, no

Party shall be liable to another Party for any action it takes in responding to an

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

ARTICLE 14. REGULATORY REQUIREMENTS AND GOVERNING LAW

14.1 Regulatory Requirements. Each Party’s obligations under this Agreement shall be

subject to its receipt of any required approval or certificate from one or more

Governmental Authorities in the form and substance satisfactory to the applying Party, or
the Party making any required filings with, or providing notice to, such Governmental
Authorities, and the expiration of any time period associated therewith. Each Party shall
in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing
in this Agreement shall require Developer to take any action that could result in its
inability to obtain, or its loss of, status or exemption under the Federal Power Act or the
Public Utility Holding Company Act of 2005 or the Public Utility Regulatory Policies
Act of 1978, as amended.

40

Service Agreement No. 1662

14.2 Governing Law.

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

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

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

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

ARTICLE 15. NOTICES

15.1 General. Unless otherwise provided in this Agreement, any notice, demand or request

required or permitted to be given by a Party to the other Parties and any instrument

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

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

15.2 Billings and Payments. Billings and payments shall be sent to the addresses set out in

Appendix F hereto.

15.3 Alternative Forms of Notice. Any notice or request required or permitted to be given by

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

15.4 Operations and Maintenance Notice. Developer and Connecting Transmission Owner

shall each notify the other Party, and NYISO, in writing of the identity of the person(s)
that it designates as the point(s) of contact with respect to the implementation of Articles

9 and 10 of this Agreement.

ARTICLE 16. FORCE MAJEURE

16.1 Force Majeure.

16.1.1 Economic hardship is not considered a Force Majeure event.

41

Service Agreement No. 1662

16.1.2 A Party shall not be responsible or liable, or deemed, in Default with respect to
 any obligation hereunder, (including obligations under Article 4 of this
 Agreement) , other than the obligation to pay money when due, to the extent the
 Party is prevented from fulfilling such obligation by Force Majeure. A Party
 unable to fulfill any obligation hereunder (other than an obligation to pay money
 when due) by reason of Force Majeure shall give notice and the full particulars of
 such Force Majeure to the other Parties in writing or by telephone as soon as
 reasonably possible after the occurrence of the cause relied upon. Telephone
 notices given pursuant to this Article shall be confirmed in writing as soon as
 reasonably possible and shall specifically state full particulars of the Force
 Majeure, the time and date when the Force Majeure occurred and when the Force
 Majeure is reasonably expected to cease. The Party affected shall exercise due
 diligence to remove such disability with reasonable dispatch, but shall not be
 required to accede or agree to any provision not satisfactory to it in order to settle
 and terminate a strike or other labor disturbance.

ARTICLE 17. DEFAULT

17.1 Default.

17.1.1 General. No Breach shall exist where such failure to discharge an obligation
 (other than the payment of money) is the result of Force Majeure as defined in
 this Agreement or the result of an act or omission of the other Parties. Upon a
 Breach, the non-Breaching Parties shall give written notice of such to the
 Breaching Party. The Breaching Party shall have thirty (30) Calendar Days from
 receipt of the Breach notice within which to cure such Breach; provided however,
 if such Breach is not capable of cure within thirty (30) Calendar Days, the
 Breaching Party shall commence such cure within thirty (30) Calendar Days after
 notice and continuously and diligently complete such cure within ninety (90)
 Calendar Days from receipt of the Breach notice; and, if cured within such time,
 the Breach specified in such notice shall cease to exist.

17.1.2 Right to Terminate. If a Breach is not cured as provided in this Article 17, or if
 a Breach is not capable of being cured within the period provided for herein, the
 non-Breaching Parties acting together shall thereafter have the right to declare a
 Default and terminate this Agreement by written notice at any time until cure
 occurs, and be relieved of any further obligation hereunder and, whether or not
 those Parties terminate this Agreement, to recover from the defaulting Party all
 amounts due hereunder, plus all other damages and remedies to which they are
 entitled at law or in equity. The provisions of this Article will survive termination
 of this Agreement.

42

Service Agreement No. 1662

ARTICLE 18. INDEMNITY, CONSEQUENTIAL DAMAGES AND INSURANCE

18.1 Indemnity. Each Party (the “Indemnifying Party”) shall at all times indemnify, defend,

and save harmless, as applicable, the other Parties (each an “Indemnified Party”) from,
any and all damages, losses, claims, including claims and actions relating to injury to or
death of any person or damage to property, the alleged violation of any Environmental
Law, or the release or threatened release of any Hazardous Substance, demand, suits,
recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or
to third parties, arising out of or resulting from (i) the Indemnified Party’s performance of its obligations under this Agreement on behalf of the Indemnifying Party, except in cases where the Indemnifying Party can demonstrate that the Loss of the Indemnified Party was caused by the gross negligence or intentional wrongdoing of the Indemnified Party or (ii) the violation by the Indemnifying Party of any Environmental Law or the release by the
Indemnifying Party of any Hazardous Substance.

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

18.1.2 Indemnifying Party. If an Indemnifying Party is obligated to indemnify and
 hold any Indemnified Party harmless under this Article 18, the amount owing to
 the Indemnified Party shall be the amount of such Indemnified Party’s actual
 Loss, net of any insurance or other recovery.

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

Except as stated below, the Indemnifying Party shall have the right to

assume the defense thereof with counsel designated by such Indemnifying
Party and reasonably satisfactory to the Indemnified Party. If the
defendants in any such action include one or more Indemnified Parties and
the Indemnifying Party and if the Indemnified Party reasonably concludes
that there may be legal defenses available to it and/or other Indemnified
Parties which are different from or additional to those available to the
Indemnifying Party, the Indemnified Party shall have the right to select

43

Service Agreement No. 1662

separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Party or Indemnified Parties having such differing or additional legal defenses.

The Indemnified Party shall be entitled, at its expense, to participate in any
such action, suit or proceeding, the defense of which has been assumed by
the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying
Party (i) shall not be entitled to assume and control the defense of any
such action, suit or proceedings if and to the extent that, in the opinion of
the Indemnified Party and its counsel, such action, suit or proceeding
involves the potential imposition of criminal liability on the Indemnified
Party, or there exists a conflict or adversity of interest between the
Indemnified Party and the Indemnifying Party, in such event the
Indemnifying Party shall pay the reasonable expenses of the Indemnified
Party, and (ii) shall not settle or consent to the entry of any judgment in
any action, suit or proceeding without the consent of the Indemnified
Party, which shall not be unreasonably withheld, conditioned or delayed.

18.2 No Consequential Damages. Other than the Liquidated Damages heretofore described

and the indemnity obligations set forth in Article 18.1, in no event shall any Party be

liable under any provision of this Agreement for any losses, damages, costs or expenses
for any special, indirect, incidental, consequential, or punitive damages, including but not
limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of
temporary equipment or services, whether based in whole or in part in contract, in tort,
including negligence, strict liability, or any other theory of liability; provided, however,
that damages for which a Party may be liable to another Party under separate agreement
will not be considered to be special, indirect, incidental, or consequential damages

hereunder.

18.3 Insurance. Developer and Connecting Transmission Owner shall each, at its own

expense, maintain in force throughout the period of this Agreement, and until released by the other Parties, the following minimum insurance coverages, with insurers authorized to do business in the state of New York:

18.3.1 Employers’ Liability and Workers’ Compensation Insurance providing statutory
 benefits in accordance with the laws and regulations of New York State.

18.3.2 Commercial General Liability Insurance including premises and operations,

personal injury, broad form property damage, broad form blanket contractual

liability coverage (including coverage for the contractual indemnification)

products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally

44

Service Agreement No. 1662

available and a cross liability endorsement, with minimum limits of One Million Dollars ($1,000,000) per occurrence/One Million Dollars ($1,000,000) aggregate combined single limit for personal injury, bodily injury, including death and
property damage.

18.3.3 Comprehensive Automobile Liability Insurance for coverage of owned and non-

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

18.3.4 Excess Public Liability Insurance over and above the Employers’ Liability

Commercial General Liability and Comprehensive Automobile Liability

Insurance coverage, with a minimum combined single limit of Twenty Million
Dollars ($20,000,000) per occurrence/Twenty Million Dollars ($20,000,000)
aggregate.

18.3.5 The Commercial General Liability Insurance, Comprehensive Automobile

Insurance and Excess Public Liability Insurance policies of Developer and

Connecting Transmission Owner shall name the other Party, its parent, associated
and Affiliate companies and their respective directors, officers, agents, servants
and employees (“Other Party Group”) as additional insured. All policies shall
contain provisions whereby the insurers waive all rights of subrogation in
accordance with the provisions of this Agreement against the Other Party Group
and provide thirty (30) Calendar days advance written notice to the Other Party
Group prior to anniversary date of cancellation or any material change in
coverage or condition.

18.3.6 The Commercial General Liability Insurance, Comprehensive Automobile

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

18.3.7 The Commercial General Liability Insurance, Comprehensive Automobile

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

45

Service Agreement No. 1662

18.3.8 The requirements contained herein as to the types and limits of all insurance to be
 maintained by the Developer and Connecting Transmission Owner are not
 intended to and shall not in any manner, limit or qualify the liabilities and
 obligations assumed by those Parties under this Agreement.

18.3.9 Within ten (10) days following execution of this Agreement, and as soon as
 practicable after the end of each fiscal year or at the renewal of the insurance
 policy and in any event within ninety (90) days thereafter, Developer and
 Connecting Transmission Owner shall provide certification of all insurance
 required in this Agreement, executed by each insurer or by an authorized
 representative of each insurer.

18.3.10 Notwithstanding the foregoing, Developer and Connecting Transmission Owner
 may each self-insure to meet the minimum insurance requirements of Articles

18.3.2 through 18.3.8 to the extent it maintains a self-insurance program;

provided that, such Party’s senior debt is rated at investment grade, or better, by
Standard & Poor’s and that its self-insurance program meets the minimum
insurance requirements of Articles 18.3.2 through 18.3.8. For any period of
time that a Party’s senior debt is unrated by Standard & Poor’s or is rated at less
than investment grade by Standard & Poor’s, such Party shall comply with the
insurance requirements applicable to it under Articles 18.3.2 through 18.3.9. In
the event that a Party is permitted to self-insure pursuant to this Article 18.3.10,
it shall notify the other Party that it meets the requirements to self-insure and
that its self-insurance program meets the minimum insurance requirements in a
manner consistent with that specified in Article 18.3.9.

18.3.11 Developer and Connecting Transmission Owner agree to report to each other in
 writing as soon as practical all accidents or occurrences resulting in injuries to
 any person, including death, and any property damage arising out of this
 Agreement.

ARTICLE 19. ASSIGNMENT

19.1 Assignment. This Agreement may be assigned by a Party only with the written consent

of the other Parties; provided that a Party may assign this Agreement without the consent
of the other Parties to any Affiliate of the assigning Party with an equal or greater credit
rating and with the legal authority and operational ability to satisfy the obligations of the
assigning Party under this Agreement; provided further that a Party may assign this
Agreement without the consent of the other Parties in connection with the sale, merger,
restructuring, or transfer of a substantial portion or all of its assets, including the
Attachment Facilities it owns, so long as the assignee in such a transaction directly
assumes in writing all rights, duties and obligations arising under this Agreement; and
provided further that the Developer shall have the right to assign this Agreement, without
the consent of the NYISO or Connecting Transmission Owner, for collateral security
purposes to aid in providing financing for the Large Generating Facility, provided that the

46

Service Agreement No. 1662

Developer will promptly notify the NYISO and Connecting Transmission Owner of any
such assignment. Any financing arrangement entered into by the Developer pursuant to
this Article will provide that prior to or upon the exercise of the secured party’s, trustee’s
or mortgagee’s assignment rights pursuant to said arrangement, the secured creditor, the
trustee or mortgagee will notify the NYISO and Connecting Transmission Owner of the
date and particulars of any such exercise of assignment right(s) and will provide the

NYISO and Connecting Transmission Owner with proof that it meets the requirements of
Articles 11.5 and 18.3. Any attempted assignment that violates this Article is void and
ineffective. Any assignment under this Agreement shall not relieve a Party of its
obligations, nor shall a Party’s obligations be enlarged, in whole or in part, by reason
thereof. Where required, consent to assignment will not be unreasonably withheld,
conditioned or delayed.

ARTICLE 20. SEVERABILITY

20.1 Severability. If any provision in this Agreement is finally determined to be invalid, void

or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision,
agreement or covenant of this Agreement; provided that if the Developer (or any third
party, but only if such third party is not acting at the direction of the Connecting
Transmission Owner) seeks and obtains such a final determination with respect to any
provision of the Alternate Option (Article 5.1.2), or the Negotiated Option (Article 5.1.4), then none of these provisions shall thereafter have any force or effect and the rights and
obligations of Developer and Connecting Transmission Owner shall be governed solely
by the Standard Option (Article 5.1.1).

ARTICLE 21. COMPARABILITY

21.1 Comparability. The Parties will comply with all applicable comparability and code of

conduct laws, rules and regulations, as amended from time to time.

ARTICLE 22. CONFIDENTIALITY

22.1 Confidentiality. Certain information exchanged by the Parties during the term of this

Agreement shall constitute confidential information (“Confidential Information”) and shall be subject to this Article 22.

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

47

Service Agreement No. 1662

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

22.1.2 Confidential Information. The following shall constitute Confidential

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

22.1.3 Scope. Confidential Information shall not include information that the receiving
 Party can demonstrate: (1) is generally available to the public other than as a
 result of a disclosure by the receiving Party; (2) was in the lawful possession of
 the receiving Party on a non-confidential basis before receiving it from the
 disclosing Party; (3) was supplied to the receiving Party without restriction by a
 third party, who, to the knowledge of the receiving Party after due inquiry, was
 under no obligation to the disclosing Party to keep such information confidential;

(4) was independently developed by the receiving Party without reference to
Confidential Information of the disclosing Party; (5) is, or becomes, publicly
known, through no wrongful act or omission of the receiving Party or Breach of this Agreement; or (6) is required, in accordance with Article 22.1.8 of this
Agreement, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this Agreement.
Information designated as Confidential Information will no longer be deemed
confidential if the Party that designated the information as confidential notifies
the other Party that it no longer is confidential.

22.1.4 Release of Confidential Information. No Party shall release or disclose

Confidential Information to any other person, except to its Affiliates (limited by
FERC Standards of Conduct requirements), subcontractors, employees,
consultants, or to parties who may be considering providing financing to or
equity participation with Developer, or to potential purchasers or assignees of a
Party, on a need-to-know basis in connection with this Agreement, unless such
person has first been advised of the confidentiality provisions of this Article 22
and has agreed to comply with such provisions. Notwithstanding the foregoing,
a Party providing Confidential Information to any person shall remain primarily
responsible for any release of Confidential Information in contravention of this
Article 22.

22.1.5 Rights. Each Party retains all rights, title, and interest in the Confidential

Information that each Party discloses to the other Party. The disclosure by each
Party to the other Parties of Confidential Information shall not be deemed a

48

Service Agreement No. 1662

waiver by any Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

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

22.1.7 Standard of Care. Each Party shall use at least the same standard of care to

protect Confidential Information it receives as it uses to protect its own

Confidential Information from unauthorized disclosure, publication or

dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party under this Agreement or its regulatory
requirements, including the NYISO OATT and NYISO Services Tariff. The NYISO shall, in all cases, treat the information it receives in accordance with the requirements of Attachment F to the NYISO OATT.

22.1.8 Order of Disclosure. If a court or a Government Authority or entity with the

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

22.1.9 Termination of Agreement. Upon termination of this Agreement for any

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

22.1.10 Remedies. The Parties agree that monetary damages would be inadequate to
 compensate a Party for another Party’s Breach of its obligations under this
 Article 22. Each Party accordingly agrees that the other Parties shall be entitled
 to equitable relief, by way of injunction or otherwise, if the first Party Breaches
 or threatens to Breach its obligations under this Article 22, which equitable

49

Service Agreement No. 1662

relief shall be granted without bond or proof of damages, and the receiving

Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this
Article 22, but shall be in addition to all other remedies available at law or in
equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or
arising in connection with this Article 22.

22.1.11 Disclosure to FERC, its Staff, or a State. Notwithstanding anything in this

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

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

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

50

Service Agreement No. 1662

the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

ARTICLE 23. ENVIRONMENTAL RELEASES

23.1 Developer and Connecting Transmission Owner Notice. Developer and Connecting

Transmission Owner shall each notify the other Party, first orally and then in writing, of
the release of any Hazardous Substances, any asbestos or lead abatement activities, or
any type of remediation activities related to the Large Generating Facility or the
Attachment Facilities, each of which may reasonably be expected to affect the other
Party. The notifying Party shall: (i) provide the notice as soon as practicable, provided
such Party makes a good faith effort to provide the notice no later than twenty-four hours
after such Party becomes aware of the occurrence; and (ii) promptly furnish to the other
Party copies of any publicly available reports filed with any Governmental Authorities
addressing such events.

ARTICLE 24. INFORMATION REQUIREMENT

24.1 Information Acquisition. Connecting Transmission Owner and Developer shall each

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

24.2 Information Submission by Connecting Transmission Owner. The initial information

submission by Connecting Transmission Owner shall occur no later than one hundred
eighty (180) Calendar Days prior to Trial Operation and shall include New York State
Transmission System information necessary to allow the Developer to select equipment
and meet any system protection and stability requirements, unless otherwise mutually
agreed to by the Developer and Connecting Transmission Owner. On a monthly basis
Connecting Transmission Owner shall provide Developer and NYISO a status report on
the construction and installation of Connecting Transmission Owner’s Attachment

Facilities and System Upgrade Facilities and System Deliverability Upgrades, including, but not limited to, the following information: (1) progress to date; (2) a description of the activities since the last report; (3) a description of the action items for the next period; and (4) the delivery status of equipment ordered.

24.3 Updated Information Submission by Developer. The updated information submission

by the Developer, including manufacturer information, shall occur no later than one

hundred eighty (180) Calendar Days prior to the Trial Operation. Developer shall submit
a completed copy of the Large Generating Facility data requirements contained in
Appendix 1 to the Large Facility Interconnection Procedures. It shall also include any
additional information provided to Connecting Transmission Owner for the
Interconnection Feasibility Study and Interconnection Facilities Study. Information in
this submission shall be the most current Large Generating Facility design or expected
performance data. Information submitted for stability models shall be compatible with

51

Service Agreement No. 1662

NYISO standard models. If there is no compatible model, the Developer will work with a consultant mutually agreed to by the Parties to develop and supply a standard model and associated information.

If the Developer’s data is different from what was originally provided to Connecting

Transmission Owner and NYISO pursuant to an Interconnection Study Agreement

among Connecting Transmission Owner, NYISO and Developer and this difference may
be reasonably expected to affect the other Parties’ facilities or the New York State
Transmission System, but does not require the submission of a new Interconnection
Request, then NYISO will conduct appropriate studies to determine the impact on the
New York State Transmission System based on the actual data submitted pursuant to this
Article 24.3. Such studies will provide an estimate of any additional modifications to the
New York State Transmission System, Connecting Transmission Owner’s Attachment
Facilities, or System Upgrade Facilities or System Deliverability Upgrades based on the
actual data and a good faith estimate of the costs thereof. The Developer shall not begin
Trial Operation until such studies are completed. The Developer shall be responsible for
the cost of any modifications required by the actual data, including the cost of any
required studies.

24.4 Information Supplementation. Prior to the Commercial Operation Date, the Developer

and Connecting Transmission Owner shall supplement their information submissions
described above in this Article 24 with any and all “as-built” Large Generating Facility
information or “as-tested” performance information that differs from the initial
submissions or, alternatively, written confirmation that no such differences exist. The
Developer shall conduct tests on the Large Generating Facility as required by Good
Utility Practice such as an open circuit “step voltage” test on the Large Generating
Facility to verify proper operation of the Large Generating Facility’s automatic voltage
regulator.

Unless otherwise agreed, the test conditions shall include: (1) Large Generating Facility
at synchronous speed; (2) automatic voltage regulator on and in voltage control mode;
and (3) a five percent change in Large Generating Facility terminal voltage initiated by a
change in the voltage regulators reference voltage. Developer shall provide validated test
recordings showing the responses of Large Generating Facility terminal and field
voltages. In the event that direct recordings of these voltages is impractical, recordings of
other voltages or currents that mirror the response of the Large Generating Facility’s
terminal or field voltage are acceptable if information necessary to translate these
alternate quantities to actual Large Generating Facility terminal or field voltages is
provided. Large Generating Facility testing shall be conducted and results provided to
the Connecting Transmission Owner and NYISO for each individual generating unit in a
station.

Subsequent to the Commercial Operation Date, the Developer shall provide Connecting
Transmission Owner and NYISO any information changes due to equipment
replacement, repair, or adjustment. Connecting Transmission Owner shall provide the

52

Service Agreement No. 1662

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

ARTICLE 25. INFORMATION ACCESS AND AUDIT RIGHTS

25.1 Information Access. Each Party (“Disclosing Party”) shall make available to another

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

25.2 Reporting of Non-Force Majeure Events. Each Party (the “Notifying Party”) shall

notify the other Parties when the Notifying Party becomes aware of its inability to

comply with the provisions of this Agreement for a reason other than a Force Majeure

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

25.3 Audit Rights. Subject to the requirements of confidentiality under Article 22 of this

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

Agreement. Each Party shall keep such accounts and records for a period equivalent to the audit rights periods described in Article 25.4 of this Agreement.

25.4 Audit Rights Periods.

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

Accounts and records related to the design, engineering, procurement, and

construction of Connecting Transmission Owner’s Attachment Facilities and

System Upgrade Facilities and System Deliverability Upgrades shall be subject to

53

Service Agreement No. 1662

audit for a period of twenty-four months following Connecting Transmission
Owner’s issuance of a final invoice in accordance with Article 12.2 of this
Agreement.

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

25.5 Audit Results. If an audit by a Party determines that an overpayment or an

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

ARTICLE 26. SUBCONTRACTORS

26.1 General. Nothing in this Agreement shall prevent a Party from utilizing the services of

any subcontractor as it deems appropriate to perform its obligations under this

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

26.2 Responsibility of Principal. The creation of any subcontract relationship shall not

relieve the hiring Party of any of its obligations under this Agreement. The hiring Party
shall be fully responsible to the other Parties for the acts or omissions of any
subcontractor the hiring Party hires as if no subcontract had been made; provided,
however, that in no event shall the NYISO or Connecting Transmission Owner be liable
for the actions or inactions of the Developer or its subcontractors with respect to
obligations of the Developer under Article 5 of this Agreement. Any applicable
obligation imposed by this Agreement upon the hiring Party shall be equally binding
upon, and shall be construed as having application to, any subcontractor of such Party.

26.3 No Limitation by Insurance. The obligations under this Article 26 will not be limited in

any way by any limitation of subcontractor’s insurance.

54

Service Agreement No. 1662

ARTICLE 27. DISPUTES

27.1 Submission. In the event any Party has a dispute, or asserts a claim, that arises out of or

in connection with this Agreement or its performance (a “Dispute”), such Party shall

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

27.2 External Arbitration Procedures. Any arbitration initiated under this Agreement shall

be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail
to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the
Dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-
member arbitration panel. In each case, the arbitrator(s) shall be knowledgeable in
electric utility matters, including electric transmission and bulk power issues, and shall
not have any current or past substantial business or financial relationships with any party
to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the
Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct
the arbitration in accordance with the Commercial Arbitration Rules of the American
Arbitration Association (“Arbitration Rules”) and any applicable FERC regulations or
RTO rules; provided, however, in the event of a conflict between the Arbitration Rules
and the terms of this Article 27, the terms of this Article 27 shall prevail.

27.3 Arbitration Decisions. Unless otherwise agreed by the Parties, the arbitrator(s) shall

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

27.4 Costs. Each Party shall be responsible for its own costs incurred during the arbitration

process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by

55

Service Agreement No. 1662

the Party to sit on the three member panel; or (2) one-third the cost of the single arbitrator jointly chosen by the Parties.

27.5 Termination. Notwithstanding the provisions of this Article 27, any Party may

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

ARTICLE 28. REPRESENTATIONS, WARRANTIES AND COVENANTS

28.1 General. Each Party makes the following representations, warranties and covenants:

28.1.1 Good Standing. Such Party is duly organized, validly existing and in good

standing under the laws of the state in which it is organized, formed, or

incorporated, as applicable; that it is qualified to do business in the state or states
in which the Large Generating Facility, Attachment Facilities and System
Upgrade Facilities and System Deliverability Upgrades owned by such Party, as
applicable, are located; and that it has the corporate power and authority to own
its properties, to carry on its business as now being conducted and to enter into
this Agreement and carry out the transactions contemplated hereby and perform
and carry out all covenants and obligations on its part to be performed under and
pursuant to this Agreement.

28.1.2 Authority. Such Party has the right, power and authority to enter into this

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

28.1.3 No Conflict. The execution, delivery and performance of this Agreement does
 not violate or conflict with the organizational or formation documents, or bylaws
 or operating agreement, of such Party, or any judgment, license, permit, order,
 or, except for the agreements listed in Appendix C, any material agreement or
 instrument applicable to or binding upon such Party or any of its assets.

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

56

Service Agreement No. 1662

ARTICLE 29. MISCELLANEOUS

29.1 Binding Effect. This Agreement and the rights and obligations hereof, shall be binding

upon and shall inure to the benefit of the successors and permitted assigns of the Parties

hereto.

29.2 Conflicts. If there is a discrepancy or conflict between or among the terms and

conditions of this cover agreement and the Appendices hereto, the terms and conditions of this cover agreement shall be given precedence over the Appendices, except as
otherwise expressly agreed to in writing by the Parties.

29.3 Rules of Interpretation. This Agreement, unless a clear contrary intention appears,

shall be construed and interpreted as follows: (1) the singular number includes the plural
number and vice versa; (2) reference to any person includes such person’s successors and
assigns but, in the case of a Party, only if such successors and assigns are permitted by
this Agreement, and reference to a person in a particular capacity excludes such person in
any other capacity or individually; (3) reference to any agreement (including this
Agreement), document, instrument or tariff means such agreement, document,
instrument, or tariff as amended or modified and in effect from time to time in
accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to
any Applicable Laws and Regulations means such Applicable Laws and Regulations as
amended, modified, codified, or reenacted, in whole or in part, and in effect from time to
time, including, if applicable, rules and regulations promulgated thereunder; (5) unless
expressly stated otherwise, reference to any Article, Section or Appendix means such
Article of this Agreement or such Appendix to this Agreement, or such Section to the
Large Facility Interconnection Procedures or such Appendix to the Large Facility
Interconnection Procedures, as the case may be; (6) “hereunder”, “hereof’, “herein”,
“hereto” and words of similar import shall be deemed references to this Agreement as a
whole and not to any particular Article or other provision hereof or thereof; (7)
“including” (and with correlative meaning “include”) means including without limiting
the generality of any description preceding such term; and (8) relative to the
determination of any period of time, “from” means “from and including”, “to” means “to
but excluding” and “through” means “through and including”.

29.4 Compliance. Each Party shall perform its obligations under this Agreement in

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

circumstances.

57

Service Agreement No. 1662

29.5 Joint and Several Obligations. Except as otherwise stated herein, the obligations of

NYISO, Developer and Connecting Transmission Owner are several, and are neither joint nor joint and several.

29.6 Entire Agreement. Except for the agreements listed in Appendix C, this Agreement,

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

29.7 No Third Party Beneficiaries. This Agreement is not intended to and does not create

rights, remedies, or benefits of any character whatsoever in favor of any persons,

corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and permitted their assigns.

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

performance of any provision of this Agreement will not be considered a waiver of any
obligation, right, or duty of, or imposed upon, such Party. Any waiver at any time by
either Party of its rights with respect to this Agreement shall not be deemed a continuing
waiver or a waiver with respect to any other failure to comply with any other obligation,
right, duty of this Agreement. Termination or Default of this Agreement for any reason
by the Developer shall not constitute a waiver of the Developer’s legal rights to obtain

Capacity Resource Interconnection Service and Energy Resource Interconnection Service
from the NYISO and Connecting Transmission Owner in accordance with the provisions
of the NYISO OATT. Any waiver of this Agreement shall, if requested, be provided in
writing.

29.9 Headings. The descriptive headings of the various Articles of this Agreement have been

inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

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

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

29.12 Modification by the Parties. The Parties may by mutual agreement amend the

Appendices to this Agreement, by a written instrument duly executed by all three of the

58

Service Agreement No. 1662

Parties. Such an amendment shall become effective and a part of this Agreement upon satisfaction of all Applicable Laws and Regulations.

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

29.14 No Partnership. This Agreement shall not be interpreted or construed to create an

association, joint venture, agency relationship, or partnership among the Parties or to

impose any partnership obligation or partnership liability upon any Party. No Party shall
have any right, power or authority to enter into any agreement or undertaking for, or act
on behalf of, or to act as or be an agent or representative of, or to otherwise bind, any
other Party.

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

59

Service Agreement No. 1662

Appendices

Appendix A

Attachment Facilities and System Upgrade Facilities and System Deliverability Upgrades

Appendix B

Milestones

Appendix C

Interconnection Details

Appendix D

Security Arrangements Details

Appendix E

Commercial Operation Date

Appendix F

Addresses for Delivery of Notices and Billings

Appendix G

Interconnection Requirements For a Wind Generating Plant

61

Service Agreement No. 1662

Appendix A

Attachment Facilities and System Upgrade Facilities

1. Attachment Facilities:

A. Developer’s Attachment Facilities:

Interconnection of the Large Generating Facility is achieved by means of the project

substation named 9WU-BNL. The 9WU-BNL substation contains switching equipment to consolidate the field’s four (4) 13.8kV circuits, a 33MVA transformer to step the
voltage to 69kV, and the required control and protection. Interconnection between 9WU-
BNL and the LIPA 8ER Brookhaven Substation is achieved via a 69kV line which is direct buried and trenched approximately 3000ft.

The Developer’s Attachment Facilities for the Large Generating Facility Project described in Appendix C of this Agreement are diagrammed in Figure A-1, of this Appendix A, and include:

• Eight (8) 3-phase, 1200A (continuous), 25kA (interrupting), electrically

operated, drawout type, vacuum 13.8kV circuit breakers including six (6) in

ring bus configurations, one (1) spare, and one (1) at the switchgear output

• One (1) 3-phase GOAB, 1200 A, 13.8kV switch

• One (1) 33MVA collector transformer. Transformer is a step-up, 3-phase

13.8kV; 69kV buried ground tertiary winding, 19.8/26.4/33.0 MVA,

ONAN/ONAF/ONAF, 3 phase, 60 Hz, 65 Degree C rise, 67.65kV, Grd Wye to 13.8kV Wye with high voltage de-energized taps, buried grounded tertiary winding, 9% impedance at 19.8 MVA

• Two (2) 3-phase GOAB, 1200A, 69kV switches

• 3000ft 69kV armored cable, 1-500MCM/phase

• One (1) ION 8600 project meter

• One (1) Shark meter for utility spare

• One (1) 69kV circuit breaker, 2000A cont., 40kA int

• All required protection

• One (1) Control house

A-1

Service Agreement No. 1662

• One (1) Battery room

B. Connecting Transmission Owner’s Attachment Facilities:

The Connecting Transmission Owner’s Attachment Facilities are diagrammed in Figure A-1 of this Appendix A.

1. LIPA 8ER-Brookhaven Substation. The 69 kV interconnecting line from the 9WU-BNL substation shall be installed underground within the LIPA 8ER Brookhaven Substation. A termination structure will be provided by the Connecting Transmission Owner to allow the Developer’s contractors to
terminate the new 69kV underground connecting line.

a) In support of the interconnection of the Large Generating Facility to

LIPA’s Electrical System, a new 69kv interconnection terminal will be
required to be constructed by Connecting Transmission Owner inside the
existing LIPA 8ER Brookhaven Substation. Termination structure
provided by the Connecting Transmission Owner within LIPA 8ER
Brookhaven Substation is 7ft north of switch 6054/ground switch
structure. Developer shall hand dig cable trench from fence to the pothead
structure. The Developer will direct bury the cables, install riser conduits
to the structure, sealing and support bushings at the top of the conduits for
the cable, terminate the cable and mount the terminator to the Connecting
Transmission Owner structure and provide a jumper with a 4-hole terminal
pad and terminal bolts to connect Connecting Transmission Owner bus
with termination made by the Connecting Transmission Owner.
Developer shall cut and patch the paved road and replace and augment the
rock surfacing.

b) Major Equipment -

• One (1) 69 kV, 43 KA, 2000A, ABB GCB (6050)

• One (1) 69 kV, 2000A Cleaveland/Price GOD (6053)

• One (1) 69 kV, 2000A, 100KA Cleaveland/Price GOD/Gnd Sw
 combo (6054)

• One (1) set of 69 kV, High Accuracy, 0.15 Trench metering PT’s

• One (1) set of 69 kV, High Accuracy, 2.0 Thermal Rating factor
 and Trench metering CT’s

c) Civil Work - Structures for the following

• Two (2) 69kV switches

• One (1) set of 69kV metering CT’s

• One (1) set of 69kV metering PT’s

A-2

Service Agreement No. 1662

• One (1) set of 69kV cable terminations

• Six (6) single bus supports

• Foundations are required for all of the new structures as well as for
 the new 69kV GCB.

d) Bus Work - The 69kV low bus will be extended to the west. The new

69kV main bus will be 3” Al with 1192 Al wire taps. The wire taps to all PT’s and arresters will be 336 Al.

e) Control House - Three (3) new control panels will be installed in the

west end of the control house. The new AC supply cable to GCB 6050 will come from a single pole 30A breaker on AC Dist Panel C.

f) Control Cables - The following new cables will be installed. These will

be installed from the control house to the new equipment via the existing precast concrete trench and new conduits.

i. Control House to GCB 6050

• Two (2) 19/c #12 control cables

• Two (2) 9/c #9 CT cables

• One (1) 2/c #10 AC

ii. Revenue metering panel at the LIPA 8ER Brookhaven

Substation control house to metering CTs and PTs substation

structure

• One (1) 10c/#9 awg metering secondary cable

iii. Metering CTs and PTs secondary wiring on metering

transformer substation structure

• One (1) 10c/#9 awg metering secondary cable

g) Miscellaneous - 48kV MCOV surge arresters will be located 18” from

the insulators on the pothead structure. One (1) spline ball will be

installed. All new equipment will be connected to the existing ground grid according to LIPA’s construction standards.

A-3

Service Agreement No. 1662

2. Control & Protection:

a) Control Panel#8 (69KV Bus1 Diff):

This panel will have two (2) SEL 387 bus differential relays which will be
used for 69kv bus 1 protection. Breaker 6050 will connect circuit 69-880
to the 9WU-BNL 69kv bus #1. Lockout relays and test switches
associated with bus differential relays will also be mounted on this panel.

b) Control Panel#9 (69-880 Circuit to 9WU-BNL substation):

This panel will protect new 69kv circuit 69-880 from the 9WU-BNL

substation to LIPA 8ER Brookhaven Substation. Protection consists of line differential relaying using a SEL-311L relay with a fiber optic pilot channel. Three zone distance backup and directional ground over-current protection is provided by a SEL-321 relay. Breaker control switch, test switches and metering will also be included on this panel.

c) In addition to the installation of the above panels, other work includes the
 addition of new digital input and output supervisory boards, supervisory
 programming and wiring of new alarm points in the annunciator.

d) LIPA will assist with programming of RTU at the 9WU-BNL substation,
 if required.

3. Metering:

a) Revenue Metering Transformers:

i. Revenue Metering Current Transformers shall be Trench Type IH-

high accuracy class design 0.15%, three (3) units required.

ii. Revenue Metering Potential Transformers shall be the Trench

Type UT5H-high accuracy class design 0.15%, three (3) units

required.

b) Interconnect Revenue Meters:

Two (2) Bi directional three-element LIPA revenue meters will be
installed within the LIPA 8ER Brookhaven substation at the point of
interconnection. The revenue meters will have KYZ pulse outputs and
will be installed on a revenue meter panel located within the LIPA 8ER
Brookhaven Substation control house. This panel shall also accommodate
any meter-related auxiliary and communications equipment.

c) Metering Power and Communications Requirements:

A-4

Service Agreement No. 1662

i. Revenue meters, ancillary equipment and communications

equipment will be provided with 120 A.C. and 125v D.C. auxiliary
power from the LIPA 8ER Brookhaven Substation control house.

ii. LIPA shall provide and maintain two (2) dial up, dedicated, voice

grade telephone lines with required station protection and isolation for the LIPA revenue metering.

iii. The Large Generating Facility shall provide a dedicated lease line

for communications between the RTU located in 9WU-BNL and LIPA’s Hicksville Operations Center; aside from this item, all
other equipment in this Appendix (A)(1)(B) will be procured and installed by LIPA.

iv. A fiber optic conduit stubout 5 feet beyond fence line will be

provided by LIPA. The new fiber optic communication line will be terminated and tested at a newly installed patch panel inside the existing control house.

d) Station Service:

It is not anticipated that a separate station service power feed from LIPA’s distribution system will be provided to the Large Generating Facility.
Station service power will be provided to the Large Generating Facility
through the 69 kV line and measure by a bi-directional meter arrangement. It should be noted that when the 69kV interconnection is out of service,
for any reason, LIPA will not be able to provide the Large Generating
Facility with station service power.

C. Cost Estimate for Connecting Transmission Owner’s Attachment Facilities:

Engineering $170,000

Material $300,000

Labor $480,000

Project Management $20,000

Revenue Metering $75,000

Planning $75,000

LIPA Power Asset Management $150,000

Subtotal $1,270,000

A&G (16%) $203,200

Total $1,473,200

A-5

Service Agreement No. 1662

2. System Upgrade Facilities:

A. Stand Alone System Upgrade Facilities (SASUFs):

N/A

B. Other System Upgrade Facilities (SUFs):

N/A

3. System Deliverability Upgrades:

N/A

A-6

Service Agreement No. 1662

Figure A-1

A-7

Service Agreement No. 1662

Appendix B

1. Selected Option pursuant to Article 5.1

Pursuant to the Standard Option in Article 5.1.1, Developer and Connecting Transmission

Owner have mutually agreed to the dates set forth in the milestone schedule below for

completion of the Connecting Transmission Owner’s Attachment Facilities.

2. Milestones:

Milestone Date

Engineering & Installation Complete 12/6/2010

In-Service Date 5/2/2011

Initial Synchronization 6/15/2011

Commercial Operation 7/1/2011

B-1

Service Agreement No. 1662

Appendix C

Interconnection Details

1. Description of Large Generating Facility including Point of Interconnection

The Large Generating Facility is a 31.5 MW ac solar plant consisting of 164,312 solar modules
(BP3225 (225W) and BP3230 (230W)) connected in series and parallel to 50 SMA Sunny
Central Photovoltaic SC630HE (630kW). Power from the Large Generating Facility will be
delivered at near unity power factor. The plant does not have reactive capability. The 13.8 kV
collector system consists of four (4) circuits each protected by a 1200A cont., 31.5 kA int.
vacuum circuit breaker. The four circuits will produce 10 MVA, 8.75 MVA, 5 MVA and 7.5
MVA totaling 31.25 MVA. The main 13.8 kV bus will be stepped-up to 69 kV via a

19.8/26.4/33MVA, 69 kV wye grounded / buried delta tertiary / 13.8 kV wye grounded

transformer. The Large Generating Facility will be located in Suffolk County, New York at the
Brookhaven National Laboratory and will connect to LIPA’s existing 69 kV 8ER Brookhaven
Substation.

2. Developer Operating Requirements

Developer must comply with all applicable NYISO tariffs and procedures, as amended from time
to time.

The Large Generating Facility is a member of Class Year 2010, which is not completed as of the
effective date of this Agreement. If the Attachment Facilities, System Upgrade Facilities, or
other upgrades for the Large Generating Facility identified in the Class Year 2010
Interconnection Facilities Study (or other applicable Class Year Interconnection Facilities Study
from which Developer accepts the Project Cost Allocation for the Large Generating Facility)
differ in any material way from the facilities identified in the Appendices to this Agreement, the
Parties shall amend this Agreement, pursuant to its sections 29.11 and 29.12, to reflect the
Attachment Facilities, System Upgrade Facilities, or other upgrades identified in the Class Year
2010 Facilities Study or other applicable Class Year Interconnection Facilities Study and
associated cost estimates.

Before Trial Operation of the Large Generating Facility, the Developer shall accept the cost allocated to the Large Generating Facility for SUFs through a Class Year Interconnection
Facilities Study and post any associated security and make any payment required, pursuant to Attachment S of the NYISO OATT. If, after the Effective Date, the Developer requests, and the other Parties agree, that the Large Generating Facility may commence Trial and Commercial Operation prior to the final settlement of the applicable Class Year Interconnection Facilities Study, the Parties will amend this Agreement to reflect that schedule change and require
Developer to accept its cost allocation from the applicable Class Year Interconnection Facilities Study and post any required security or make any required payment.

C-1

Service Agreement No. 1662

The Developer may not supply Unforced Capacity to the NYCA from the Large Generating Facility until the Developer has complied with the deliverability requirement pursuant to Attachment S of the NYISO OATT, including acceptance of any cost allocation for System Deliverability Upgrades and the posting of associated security or payments.

3. Other Developer Agreements

The Developer, the Connecting Transmission Owner and/or the Authority have entered into the
agreements identified as A through D, below (the “Additional Agreements”), each as they may
be amended from time to time. It is the belief and intention of the Parties that nothing in this
Agreement conflicts in any material way with those Additional Agreements. Nevertheless, if a
Party becomes aware of a conflict, it shall notify the other Parties promptly so that the Parties
can discuss the amendment to this Agreement that would be appropriate under the circumstances.

A. Indenture, dated as of September 27, 2010, by and between LIPA and the

Developer (“CTO Easement”), granting Developer certain easement and related
rights with respect to that certain parcel of land constituting a part of the LIPA
Brookhaven Substation property lying and being in Manorville, Town of
Brookhaven, County of Suffolk, State of New York, and designated as part of
Suffolk County Tax Map Number: District 0200, Section 556.00, Block 01.00,
part of Lot 25.000.

B. License Agreement, dated as of September 27, 2010, by and between National

Grid Electric Services, LLC, as Agent for and on behalf of LIPA, and the

Developer, pertaining to part of LIPA Parcel No. 451 known as the Brookhaven 8ER Substation, located in Manorville, Town of Brookhaven, County of Suffolk, State of New York, known as Suffolk County Tax Map District 0200, Section 556.00, Block 01.00, part of Lot 25.000.

C. Each of the Assent Agreements made as of September 27, 2010, between LIPA

and the Developer, pertaining to Easement Areas P7499, P7500, and B1485

respectively.

D. Contract for the Purchase & Sale of Solar Energy and Conveyance of Renewable

Attributes and Related Capacity, dated as of February 5, 2010, between Developer and the Authority.

C-2

Service Agreement No. 1662

Appendix D

Security Arrangements Details

Infrastructure security of New York State Transmission System equipment and

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

D-1

Service Agreement No. 1662

Appendix E

Commercial Operation Date

[Date]

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

3890 Carman Road

Schenectady, NY 12303

[Connecting Transmission Owner Address]

Re: \_\_\_\_\_\_\_\_\_\_\_\_\_ Large Generating Facility

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

On [Date] [Developer] has completed Trial Operation of Unit No. \_\_\_. This letter confirms that [Developer] commenced Commercial Operation of Unit No. \_\_\_ at the Large Generating Facility, effective as of [Date plus one day].

Thank you.

[Signature]

[Developer Representative]

E-1

Service Agreement No. 1662

Appendix F

Addresses for Delivery of Notices and Billings

Notices:

NYISO:

Before commercial operation of the Large Generating Facility:

New York Independent System Operator, Inc.

Attn: Vice President, System and Resource Planning

10 Krey Boulevard

Rensselaer, NY 12144
Phone: (518) 356-6000
Fax: (518) 356-7524

After commercial operation of the Large Generating Facility:

New York Independent System Operator, Inc.

Attn: Vice President, Operations

3890 Carman Road

Schenectady, NY 12303
Phone: (518) 356-6000
Fax: (518) 356-6118

Connecting Transmission Owner:

LIPA

333 Earle Ovington Boulevard Suite 403

Uniondale, NY 11553

Attention: Chief Operating Officer Fax: (516) 222-9137

T&D Manager:

LIPA Power Asset Management 175 East Old Country Road
Hicksville, New York 11801 Attention: Manager

(516) 545-6134

F-1

Service Agreement No. 1662

Developer:

Long Island Solar Farm LLC

Attn: Commercial Development Manager 630 Solarex Court

Frederick, MD 21703
Phone: (301) 698-4253
Fax: (301) 698-4221

Billings and Payments:

Connecting Transmission Owner:

LIPA

T&D Manager

LIPA Power Asset Management 175 East Old Country Road
Hicksville, New York 11801 Attention: Manager

(516) 545-6134

cc: LIPA

333 Earle Ovington Boulevard Suite 403

Uniondale, NY 11553

Attention: Chief Operating Officer Fax: (516) 222-9137

Developer:

Long Island Solar Farm LLC

Attn: Commercial Development Manager 630 Solarex Court

Frederick, MD 21703
Phone: (301) 698-4253
Fax: (301) 698-4221

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

NYISO:

Before commercial operation of the Large Generating Facility:
 New York Independent System Operator, Inc.

F-2

Service Agreement No. 1662

Attn: Vice President, System and Resource Planning

10 Krey Boulevard

Rensselaer, NY 12144
Phone: (518) 356-6000
Fax: (518) 356-7524

After commercial operation of the Large Generating Facility:

New York Independent System Operator, Inc.

Attn: Vice President, Operations

3890 Carman Road

Schenectady, NY 12303
Phone: (518) 356-6000
Fax: (518) 356-6118

Connecting Transmission Owner:

T&D Manager:

LIPA Power Asset Management 175 East Old Country Road
Hicksville, New York 11801 Attention: Manager

(516) 545-6134

LIPA

333 Earle Ovington Boulevard Suite 403

Uniondale, NY 11553

Attention: General Counsel Fax: (516) 222-9137

Developer:

Long Island Solar Farm LLC

Attn: Commercial Development Manager 630 Solarex Court

Frederick, MD 21703
Phone: (301) 698-4253
Fax: (301) 698-4221

F-3

Service Agreement No. 1662

APPENDIX G

INTERCONNECTION REQUIREMENTS FOR A WIND GENERATING PLANT

Appendix G sets forth requirements and provisions specific to a wind generating plant.

All other requirements of this LGIA continue to apply to wind generating plant interconnections.

A. Technical Standards Applicable to a Wind Generating Plant

i. Low Voltage Ride-Through (LVRT) Capability

A wind generating plant shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the standard below. The LVRT
standard provides for a transition period standard and a post-transition period standard.

Transition Period LVRT Standard

The transition period standard applies to wind generating plants subject to FERC Order
661 that have either: (i) interconnection agreements signed and filed with the Commission, filed
with the Commission in unexecuted form, finally executed as conforming agreements, or filed
with the Commission as non-conforming agreements between January 1, 2006 and December 31,
2006, with a scheduled in-service date no later than December 31, 2007, or (ii) wind generating
turbines subject to a wind turbine procurement contract executed prior to December 31, 2005, for
delivery through 2007.

1. Wind generating plants are required to remain in-service during three-phase faults with

normal clearing (which is a time period of approximately 4 - 9 cycles) and single line to

G-1

Service Agreement No. 1662

ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault
voltage unless clearing the fault effectively disconnects the generator from the system.
The clearing time requirement for a three-phase fault will be specific to the wind
generating plant substation location, as determined by and documented by the Connecting
Transmission Owner for the Transmission District to which the wind generating plant will
be interconnected. The maximum clearing time the wind generating plant shall be
required to withstand for a three-phase fault shall be 9 cycles at a voltage as low as 0.15
p.u., as measured at the high side of the wind generating plant step-up transformer (i.e. the
transformer that steps the voltage up to the transmission interconnection voltage or
“GSU”), after which, if the fault remains following the location-specific normal clearing
time for three-phase faults, the wind generating plant may disconnect from the
transmission system.

2. This requirement does not apply to faults that would occur between the wind generator

terminals and the high side of the GSU or to faults that would result in a voltage lower than 0.15 per unit on the high side of the GSU serving the facility.

3. Wind generating plants may be tripped after the fault period if this action is intended as

part of a special protection system.

4. Wind generating plants may meet the LVRT requirements of this standard by the

performance of the generators or by installing additional equipment (e.g., Static VAr Compensator, etc.) within the wind generating plant or by a combination of generator performance and additional equipment.

G-2

Service Agreement No. 1662

5. Existing individual generator units that are, or have been, interconnected to the network

at the same location at the effective date of the Appendix G LVRT Standard are exempt from meeting the Appendix G LVRT Standard for the remaining life of the existing
generation equipment. Existing individual generator units that are replaced are required to meet the Appendix G LVRT Standard.

Post-transition Period LVRT Standard

All wind generating plants subject to FERC Order No. 661 and not covered by the transition period described above must meet the following requirements:

1. Wind generating plants are required to remain in-service during three-phase faults with

normal clearing (which is a time period of approximately 4 - 9 cycles) and single line to
ground faults with delayed clearing, and subsequent post-fault voltage recovery to
prefault voltage unless clearing the fault effectively disconnects the generator from the
system. The clearing time requirement for a three-phase fault will be specific to the wind
generating plant substation location, as determined by and documented by the Connecting
Transmission Owner for the Transmission District to which the wind generating plant
will be interconnected. The maximum clearing time the wind generating plant shall be
required to withstand for a three-phase fault shall be 9 cycles after which, if the fault
remains following the location-specific normal clearing time for three-phase faults, the
wind generating plant may disconnect from the transmission system. A wind generating
plant shall remain interconnected during such a fault on the transmission system for a
voltage level as low as zero volts, as measured at the high voltage side of the wind GSU.

G-3

Service Agreement No. 1662

2. This requirement does not apply to faults that would occur between the wind generator

terminals and the high side of the GSU.

3. Wind generating plants may be tripped after the fault period if this action is intended as

part of a special protection system.

4. Wind generating plants may meet the LVRT requirements of this standard by the

performance of the generators or by installing additional equipment (e.g., Static VAr Compensator) within the wind generating plant or by a combination of generator performance and additional equipment.

5. Existing individual generator units that are, or have been, interconnected to the network

at the same location at the effective date of the Appendix G LVRT Standard are exempt from meeting the Appendix G LVRT Standard for the remaining life of the existing
generation equipment. Existing individual generator units that are replaced are required to meet the Appendix G LVRT Standard.

ii. Power Factor Design Criteria (Reactive Power)

A wind generating plant shall maintain a power factor within the range of 0.95 leading to

0.95 lagging, measured at the Point of Interconnection as defined in this LGIA, if the ISO’s

System Reliability Impact Study shows that such a requirement is necessary to ensure safety or reliability.

The power factor range standards can be met using, for example without limitation,
power electronics designed to supply this level of reactive capability (taking into account any

G-4

Service Agreement No. 1662

limitations due to voltage level, real power output, etc.) or fixed and switched capacitors if

agreed to by the Connecting Transmission Owner for the Transmission District to which the

wind generating plant will be interconnected, or a combination of the two. The Developer shall not disable power factor equipment while the wind plant is in operation. Wind plants shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the System Reliability Impact Study shows this to be required for system safety or reliability.

iii. Supervisory Control and Data Acquisition (SCADA) Capability

The wind plant shall provide SCADA capability to transmit data and receive instructions from the ISO and/or the Connecting Transmission Owner for the Transmission District to which the wind generating plant will be interconnected, as applicable, to protect system reliability. The Connecting Transmission Owner for the Transmission District to which the wind generating
plant will be interconnected and the wind plant Developer shall determine what SCADA
information is essential for the proposed wind plant, taking into account the size of the plant and its characteristics, location, and importance in maintaining generation resource adequacy and
transmission system reliability in its area.

G-5