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SERVICE AGREEMENT NO. 2219

SERVICE AGREEMENT NO. 2219   
 AMENDED AND RESTATED STANDARD SMALL GENERATOR INTERCONNECTION AGREEMENT

AMONG THE

NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.,   
 AND

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID,   
 AND

MONROE COUNTY, NEW YORK   
 Dated as of June 26, 2018

(Monroe County Mill Seat Generation Facility)

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AMENDED AND RESTATED STANDARD SMALL GENERATOR   
 INTERCONNECTION AGREEMENT

This Amended and Restated Standard Small Generator Interconnection Agreement

(“Agreement” or “SGIA”) is made and entered into this 26th day of June 2018 by and among the   
New York Independent System Operator, Inc., a not-for-profit corporation organized and   
existing under the laws of the State of New York (“NYISO”) and Niagara Mohawk Power   
Corporation d/b/a Niagara Mohawk, a corporation organized and existing under the laws of the   
State of New York (“Connecting Transmission Owner”), and Monroe County, New York,   
existing under the laws of the State of New York (“Interconnection Customer”) each hereinafter   
sometimes referred to individually as “Party” or referred to collectively as the “Parties.”

In consideration of the mutual covenants set forth herein, the Parties agree as follows:

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Article 1 Scope and Limitations of Agreement

1.1 Applicability

This Agreement shall be used for all Interconnection Requests submitted under the Small Generator Interconnection Procedures (SGIP) except for those submitted under the 10 kW   
Inverter Process contained in SGIP Attachment 5.

1.2 Purpose

This Agreement governs the terms and conditions under which the Interconnection

Customer’s Small Generating Facility will interconnect with, and operate in parallel with, the New York State Transmission System or the Distribution System.

1.3 Scope of Interconnection Service

1.3.1 The NYISO will provide Energy Resource Interconnection Service and Capacity   
 Resource Interconnection Service to Interconnection Customer at the Point of   
 Interconnection.

1.3.2 This Agreement does not constitute an agreement to purchase or deliver the

Interconnection Customer’s power. The purchase or delivery of power and other   
services that the Interconnection Customer may require will be covered under   
separate agreements, if any, or applicable provisions of NYISO’s or Connecting   
Transmission Owner’s tariffs. The Interconnection Customer will be responsible   
for separately making all necessary arrangements (including scheduling) for   
delivery of electricity in accordance with the applicable provisions of the ISO   
OATT and Connecting Transmission Owner’s tariff. 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 Services Tariff or   
any Connecting Transmission Owner’s tariff. If Interconnection Customer wishes   
to supply or purchase Energy, Installed Capacity or Ancillary Services, then   
Interconnection Customer will make application to do so in accordance with the   
NYISO Services Tariff or Connecting Transmission Owner’s tariff.

1.4 Limitations

Nothing in this Agreement is intended to affect any other agreement by and among the

NYISO, Connecting Transmission Owner and the Interconnection Customer, except as otherwise expressly provided herein.

1.5 Responsibilities of the Parties

1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all   
 Applicable Laws and Regulations, Operating Requirements, and Good Utility   
 Practice.

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1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain

its Small Generating Facility and construct, operate, and maintain its

Interconnection Facilities in accordance with the applicable manufacturer’s

recommended maintenance schedule, and in accordance with this Agreement, and with Good Utility Practice.

1.5.3 The Connecting Transmission Owner shall construct, operate, and maintain its

Interconnection Facilities and Upgrades covered by this Agreement in accordance with this Agreement, and with Good Utility Practice.

1.5.4 The Interconnection Customer agrees to construct its facilities or systems in

accordance with applicable specifications that meet or exceed those provided by   
the National Electrical Safety Code, the American National Standards Institute,   
IEEE, Underwriter’s Laboratory, and Operating Requirements in effect at the time   
of construction and other applicable national and state codes and standards. The   
Interconnection Customer agrees to design, install, maintain, and operate its Small   
Generating Facility so as to reasonably minimize the likelihood of a disturbance   
adversely affecting or impairing the system or equipment of the Connecting

Transmission Owner or Affected Systems.

1.5.5 The Connecting Transmission Owner and Interconnection Customer shall operate,

maintain, repair, and inspect, and shall be fully responsible for the facilities that it   
now or subsequently may own unless otherwise specified in the Attachments to   
this Agreement. Each of those Parties shall be responsible for the safe   
installation, maintenance, repair and condition of their respective lines and   
appurtenances on their respective sides of the point of change of ownership. The   
Connecting Transmission Owner and the Interconnection Customer, as   
appropriate, shall provide Interconnection Facilities that adequately protect the   
Connecting Transmission Owner’s electric system, personnel, and other persons   
from damage and injury. The allocation of responsibility for the design,   
installation, operation, maintenance and ownership of Interconnection Facilities   
shall be delineated in the Attachments to this Agreement.

1.5.6 The NYISO shall coordinate with all Affected Systems to support the

interconnection. The Connecting Transmission Owner shall cooperate with the NYISO in these efforts.

1.5.7 The Interconnection Customer shall ensure “frequency ride through” capability

and “voltage ride through” capability of its Small Generating Facility. The

Interconnection Customer shall enable these capabilities such that its Small

Generating Facility shall not disconnect automatically or instantaneously from the   
system or equipment of the Connecting Transmission Owner and any Affected   
Systems for a defined under-frequency or over-frequency condition, or an under-  
voltage or over-voltage condition, as tested pursuant to section 2.1 of this   
agreement. The defined conditions shall be in accordance with Good Utility   
Practice and consistent with any standards and guidelines that are applied to other   
generating facilities in the Balancing Authority Area on a comparable basis. The

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Small Generating Facility’s protective equipment settings shall comply with the   
Transmission Owner’s automatic load-shed program. The Transmission Owner   
shall review the protective equipment settings to confirm compliance with the   
automatic load-shed program. The term “ride through” as used herein shall mean   
the ability of a Small Generating Facility to stay connected to and synchronized   
with the system or equipment of the Transmission Owner and any Affected

Systems during system disturbances within a range of conditions, in accordance   
with Good Utility Practice and consistent with any standards and guidelines that   
are applied to other generating facilities in the Balancing Authority on a   
comparable basis. The term “frequency ride through” as used herein shall mean   
the ability of a Small Generating Facility to stay connected to and synchronized   
with the system or equipment of the Transmission Owner and any Affected   
Systems during system disturbances within a range of under-frequency and over-  
frequency conditions, in accordance with Good Utility Practice and consistent   
with any standards and guidelines that are applied to other generating facilities in   
the Balancing Authority Area on a comparable basis. The term “voltage ride   
through” as used herein shall mean the ability of a Small Generating Facility to   
stay connected to and synchronized with the system or equipment of the   
Transmission Owner and any Affected Systems during system disturbances   
within a range of under-voltage and over-voltage conditions, in accordance with   
Good Utility Practice and consistent with any standards and guidelines that are   
applied to other generating facilities in the Balancing Authority Area on a   
comparable basis.

1.6 Parallel Operation Obligations

Once the Small Generating Facility has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility in the applicable control area, including, but not   
limited to: (1) the rules and procedures concerning the operation of generation set forth in the NYISO tariffs or ISO Procedures or the Connecting Transmission Owner’s tariff; (2) any   
requirements consistent with Good Utility Practice or that are necessary to ensure the safe and reliable operation of the Transmission System or Distribution System; and (3) the Operating Requirements set forth in Attachment 5 of this Agreement.

1.7 Metering

The Interconnection Customer shall be responsible for the Connecting Transmission   
Owner’s reasonable and necessary cost for the purchase, installation, operation, maintenance,   
testing, repair, and replacement of metering and data acquisition equipment specified in   
Attachments 2 and 3 of this Agreement. The Interconnection Customer’s metering (and data   
acquisition, as required) equipment shall conform to applicable industry rules and Operating   
Requirements.

1.8 Reactive Power

1.8.1 Power Factor Design Criteria

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1.8.1.1 Synchronous Generation. The Interconnection Customer shall design its   
Small Generating Facility to maintain a composite power delivery at continuous   
rated power output at the Point of Interconnection at a power factor within the   
range of 0.95 leading to 0.95 lagging, unless the NYISO or the Transmission   
Owner in whose Transmission District the Small Generating Facility   
interconnects has established different requirements that apply to all similarly   
situated generators in the New York Control Area or Transmission District (as   
applicable) on a comparable basis, in accordance with Good Utility Practice.

1.8.1.2 Non-Synchronous Generation. The Interconnection Customer shall

design its Small Generating Facility to maintain a composite power delivery at   
continuous rated power output at the high-side of the generator substation at a   
power factor within the range of 0.95 leading to 0.95 lagging, unless the NYISO   
or the Transmission Owner in whose Transmission District the Small Generating   
Facility interconnects has established a different power factor range that applies to   
all similarly situated non-synchronous generators in the control area or   
Transmission District (as applicable) on a comparable basis, in accordance with   
Good Utility Practice. This power factor range standard shall by dynamic and can   
be met using, for example, power electronics designed to supply this level of   
reactive capability (taking into account any limitations due to voltage level, real   
power output, etc.) or fixed and switched capacitors, or a combination of the two.   
This requirement shall only apply to newly interconnecting non-synchronous   
generators that have not yet executed a Facilities Study Agreement as of   
September 21, 2016.

1.8.2 The NYISO is required to pay the Interconnection Customer for reactive power,

or voltage support service, that the Interconnection Customer provides from the Small Generating Facility in accordance with Rate Schedule 2 of the NYISO Services Tariff.

1.9 Capitalized Terms

Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement. Capitalized terms used herein that are not so defined shall have the meanings specified in Appendix 1 of Attachment Z, Section 25.1.2 of Attachment S, or Section 30.1 of Attachment X of the ISO OATT.

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Article 2 Inspection, Testing, Authorization, and Right of Access

2.1 Equipment Testing and Inspection

2.1.1 The Interconnection Customer shall test and inspect its Small Generating Facility

and Interconnection Facilities prior to interconnection. The Interconnection   
Customer shall notify the NYISO and the Connecting Transmission Owner of   
such activities no fewer than five Business Days (or as may be agreed to by the   
Parties) prior to such testing and inspection. Testing and inspection shall occur on   
a Business Day. The Connecting Transmission Owner may, at its own expense,   
send qualified personnel to the Small Generating Facility site to inspect the   
interconnection and observe the testing. The Interconnection Customer shall   
provide the NYISO and Connecting Transmission Owner a written test report   
when such testing and inspection is completed. The Small Generating Facility   
may not commence parallel operations if the NYISO, in consultation with the   
Connecting Transmission Owner, finds that the Small Generating Facility has not   
been installed as agreed upon or may not be operated in a safe and reliable   
manner.

2.1.2 The NYISO and Connecting Transmission Owner shall each provide the

Interconnection Customer written acknowledgment that it has received the

Interconnection Customer’s written test report. Such written acknowledgment   
shall not be deemed to be or construed as any representation, assurance,   
guarantee, or warranty by the NYISO or Connecting Transmission Owner of the   
safety, durability, suitability, or reliability of the Small Generating Facility or any   
associated control, protective, and safety devices owned or controlled by the   
Interconnection Customer or the quality of power produced by the Small   
Generating Facility.

2.2 Authorization Required Prior to Parallel Operation

2.2.1 The NYISO, in consultation with the Connecting Transmission Owner, shall use   
 Reasonable Efforts to list applicable parallel Operating Requirements in   
 Attachment 5 of this Agreement. Additionally, the NYISO, in consultation with   
 the Connecting Transmission Owner, shall notify the Interconnection Customer of   
 any changes to these requirements as soon as they are known. The NYISO and   
 Connecting Transmission Owner shall make Reasonable Efforts to cooperate with   
 the Interconnection Customer in meeting requirements necessary for the   
 Interconnection Customer to commence parallel operations by the in-service date.

2.2.2 The Interconnection Customer shall not operate its Small Generating Facility in   
 parallel with the New York State Transmission System or the Distribution System   
 without prior written authorization of the NYISO. The NYISO, in consultation   
 with the Connecting Transmission Owner, will provide such authorization once   
 the NYISO receives notification that the Interconnection Customer has complied   
 with all applicable parallel Operating Requirements. Such authorization shall not   
 be unreasonably withheld, conditioned, or delayed.

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2.3 Right of Access

2.3.1 Upon reasonable notice, the NYISO and/or Connecting Transmission Owner may   
 send a qualified person to the premises of the Interconnection Customer at or   
 immediately before the time the Small Generating Facility first produces energy   
 to inspect the interconnection, and observe the commissioning of the Small   
 Generating Facility (including any required testing), startup, and operation for a   
 period of up to three Business Days after initial start-up of the unit. In addition,   
 the Interconnection Customer shall notify the NYISO and Connecting   
 Transmission Owner at least five Business Days prior to conducting any on-site   
 verification testing of the Small Generating Facility.

2.3.2 Following the initial inspection process described above, at reasonable hours, and   
 upon reasonable notice, or at any time without notice in the event of an   
 emergency or hazardous condition, the NYISO and Connecting Transmission   
 Owner each shall have access to the Interconnection Customer’s premises for any   
 reasonable purpose in connection with the performance of the obligations   
 imposed on them by this Agreement or if necessary to meet their legal obligation   
 to provide service to their customers.

2.3.3 Each Party shall be responsible for its own costs associated with following this   
 article.

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Article 3 Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

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

acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by the FERC.   
The NYISO and Connecting Transmission Owner shall promptly file, or cause to be filed, this   
Agreement with FERC upon execution, if required. If the Agreement is disputed and the   
Interconnection Customer requests that it be filed with FERC in an unexecuted form, the NYISO   
shall file, or cause to be filed, this Agreement and the NYISO shall identify the disputed   
language.

3.2 Term of Agreement

This Agreement shall become effective on the Effective Date and shall remain in effect   
for a period of twenty years from the Effective Date or such other longer period as the   
Interconnection Customer may request and shall be automatically renewed for each successive   
one-year period thereafter, unless terminated earlier in accordance with article 3.3 of this   
Agreement.

3.3 Termination

No termination 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 (if required), which notice has been accepted for filing by   
FERC.

3.3.1 The Interconnection Customer may terminate this Agreement at any time by

giving the NYISO and Connecting Transmission Owner 20 Business Days written notice. The NYISO may terminate this Agreement after the Small Generating Facility is Retired.

3.3.2 Any Party may terminate this Agreement after Default pursuant to article 7.6.

3.3.3 Upon termination of this Agreement, the Small Generating Facility will be

disconnected from the New York State Transmission System or the Distribution System, as applicable. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the nonterminating Party’s Default of this SGIA or such non-terminating Party otherwise is responsible for these costs under this SGIA.

3.3.4 The termination of this Agreement shall not relieve any Party of its liabilities and

obligations, owed or continuing at the time of the termination. The

Interconnection Customer shall pay all amounts in excess of any deposit or other   
security without interest within 30 calendar days after receipt of the invoice for   
such amounts. If the deposit or other security exceeds the invoice, the Connecting   
Transmission Owner shall refund such excess within 30 calendar days of the   
invoice without interest. If the Interconnection Customer disputes an amount to

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be paid the Interconnection Customer shall pay the disputed amount to the

Connecting Transmission Owner or into an interest bearing escrow account,

pending resolution of the dispute in accordance with Article 10 of this Agreement. To the extent the dispute is resolved in the Interconnection Customer’s favor, that portion of the disputed amount will be returned to the Interconnection Customer with interest at rates applicable to refunds under the Commission’s regulations.   
To the extent the dispute is resolved in the Connecting Transmission Owner’s   
favor, that portion of any escrowed funds and interest will be released to the   
Connecting Transmission Owner.

3.3.5 The limitations of liability, indemnification and confidentiality provisions of this   
 Agreement shall survive termination or expiration of this Agreement.

3.4 Temporary Disconnection

Temporary disconnection shall continue only for so long as reasonably necessary under Good Utility Practice.

3.4.1 Emergency Conditions

“Emergency Condition” shall mean a condition or situation: (1) that in the judgment of   
the Party making the claim is imminently likely to endanger life or property; or (2) that, in the   
case of the NYISO or Connecting Transmission Owner, is imminently likely (as determined in a   
non-discriminatory manner) to cause a material adverse effect on the security of, or damage to   
the New York State Transmission System or Distribution System, the Connecting Transmission   
Owner’s Interconnection Facilities or the electric systems of others to which the New York State   
Transmission System or Distribution System is directly connected; or (3) that, in the case of the   
Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner)   
to cause a material adverse effect on the security of, or damage to, the Small Generating Facility   
or the Interconnection Customer’s Interconnection Facilities. Under Emergency Conditions, the   
NYISO or Connecting Transmission Owner may immediately suspend interconnection service   
and temporarily disconnect the Small Generating Facility. The NYISO or Connecting

Transmission Owner shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection   
Customer’s operation of the Small Generating Facility. The Interconnection Customer shall notify the NYISO and Connecting Transmission Owner promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the New York State   
Transmission System or Distribution System or any Affected Systems. To the extent   
information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of each Party’s facilities and   
operations, its anticipated duration, and the necessary corrective action.

3.4.2 Routine Maintenance, Construction, and Repair

The NYISO or Connecting Transmission Owner may interrupt interconnection service or   
curtail the output of the Small Generating Facility and temporarily disconnect the Small   
Generating Facility from the New York State Transmission System or Distribution System when

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necessary for routine maintenance, construction, and repairs on the New York State

Transmission System or Distribution System. The NYISO or the Connecting Transmission

Owner shall provide the Interconnection Customer with five Business Days notice prior to such   
interruption. The NYISO and Connecting Transmission Owner shall use Reasonable Efforts to   
coordinate such reduction or temporary disconnection with the Interconnection Customer.

3.4.3 Forced Outages

During any forced outage, the NYISO or Connecting Transmission Owner may suspend interconnection service to the Interconnection Customer to effect immediate repairs on the New York State Transmission System or the Distribution System. The NYISO shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the NYISO shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

3.4.4 Adverse Operating Effects

The NYISO or Connecting Transmission Owner shall notify the Interconnection

Customer as soon as practicable if, based on Good Utility Practice, operation of the Small

Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Small Generating Facility could cause damage to the New York State Transmission System, the Distribution System or Affected Systems, or if disconnection is otherwise required under Applicable Reliability Standards or the ISO OATT. Supporting documentation used to reach the decision to disconnect shall be provided to the   
Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the NYISO or Connecting   
Transmission Owner may disconnect the Small Generating Facility. The NYISO or Connecting Transmission Owner shall provide the Interconnection Customer with five Business Day notice of such disconnection, unless the provisions of article 3.4.1 apply.

3.4.5 Modification of the Small Generating Facility

The Interconnection Customer must receive written authorization from the NYISO and

Connecting Transmission Owner before making any change to the Small Generating Facility that   
may have a material impact on the safety or reliability of the New York State Transmission   
System or the Distribution System. Such authorization shall not be unreasonably withheld.   
Modifications shall be done in accordance with Good Utility Practice. If the Interconnection   
Customer makes such modification without the prior written authorization of the NYISO and   
Connecting Transmission Owner, the Connecting Transmission Owner shall have the right to   
temporarily disconnect the Small Generating Facility. If disconnected, the Small Generating   
Facility will not be reconnected until the unauthorized modifications are authorized or removed.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Small Generating Facility,

Interconnection Facilities, and the New York State Transmission System and Distribution

System to their normal operating state as soon as reasonably practicable following a temporary disconnection.

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Article 4 Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection

Facilities itemized in Attachment 2 of this Agreement. The NYISO, in

consultation with the Connecting Transmission Owner, shall provide a best

estimate cost, including overheads, for the purchase and construction of its

Interconnection Facilities and provide a detailed itemization of such costs. Costs   
associated with Interconnection Facilities may be shared with other entities that   
may benefit from such facilities by agreement of the Interconnection Customer,   
such other entities, the NYISO, and the Connecting Transmission Owner.

4.1.2 The Interconnection Customer shall be responsible for its share of all reasonable   
 expenses, including overheads, associated with (1) owning, operating,   
 maintaining, repairing, and replacing its own Interconnection Facilities, and

(2) operating, maintaining, repairing, and replacing the Connecting Transmission   
Owner’s Interconnection Facilities, as set forth in Attachment 2 to this   
Agreement.

4.2 Distribution Upgrades

The Connecting Transmission Owner shall design, procure, construct, install, and own   
the Distribution Upgrades described in Attachment 6 of this Agreement. If the Connecting   
Transmission Owner and the Interconnection Customer agree, the Interconnection Customer may   
construct Distribution Upgrades that are located on land owned by the Interconnection Customer.   
The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to   
the Interconnection Customer. The Interconnection Customer shall be responsible for its share   
of all reasonable expenses, including overheads, associated with owning, operating, maintaining,   
repairing, and replacing the Distribution Upgrades, as set forth in Attachment 6 to this   
Agreement.

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Article 5 Cost Responsibility for System Upgrade Facilities and System Deliverability

Upgrades

5.1 Applicability

No portion of this article 5 shall apply unless the interconnection of the Small Generating Facility requires System Upgrade Facilities or System Deliverability Upgrades.

5.2 System Upgrades

The Connecting Transmission Owner shall procure, construct, install, and own the

System Upgrade Facilities and System Deliverability Upgrades described in Attachment 6 of this   
Agreement. To the extent that design work is necessary in addition to that already accomplished   
in the Class Year Interconnection Facilities Study for the Interconnection Customer, the   
Connecting Transmission Owner shall perform or cause to be performed such work. If all the   
Parties agree, the Interconnection Customer may construct System Upgrade Facilities and   
System Deliverability Upgrades that are located on land owned by the Interconnection Customer.

5.2.1 As described in Section 32.3.5.3 of the SGIP in Attachment Z of the ISO OATT,   
 the responsibility of the Interconnection Customer for the cost of the System   
 Upgrade Facilities and System Deliverability Upgrades described in Attachment 6   
 of this Agreement shall be determined in accordance with Attachment S of the   
 ISO OATT, as required by Section 32.3.5.3.2 of Attachment Z. The   
 Interconnection Customer shall be responsible for all System Upgrade Facility   
 costs as required by Section 32.3.5.3.2 of Attachment Z or its share of any System   
 Upgrade Facilities and System Deliverability Upgrades costs resulting from the   
 final Attachment S process, as applicable, and Attachment 6 to this Agreement   
 shall be revised accordingly.

5.2.2 Pending the outcome of the Attachment S cost allocation process, if applicable,   
 the Interconnection Customer may elect to proceed with the interconnection of its   
 Small Generating Facility in accordance with Section 32.3.5.3 of the SGIP.

5.3 Special Provisions for Affected Systems

For the repayment of amounts advanced to the Affected System Operator for System Upgrade Facilities or System Deliverability Upgrades, the Interconnection Customer and Affected System Operator shall enter into an agreement that provides for such repayment, but only if responsibility for the cost of such System Upgrade Facilities is not to be allocated in accordance with Attachment S of the ISO OATT. The agreement shall specify the terms governing payments to be made by the Interconnection Customer to the Affected System Operator as well as the repayment by the Affected System Operator.

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Article 6 Billing, Payment, Milestones, and Financial Security

6.1 Billing and Payment Procedures and Final Accounting

6.1.1 The Connecting Transmission Owner shall bill the Interconnection Customer for

the design, engineering, construction, and procurement costs of Interconnection

Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by those Parties. The Interconnection Customer shall pay all invoice amounts within 30 calendar days after receipt of the invoice.

6.1.2 Within three months of completing the construction and installation of the

Connecting Transmission Owner’s Interconnection Facilities and/or Upgrades   
described in the Attachments to this Agreement, the Connecting Transmission   
Owner shall provide the Interconnection Customer with a final accounting report   
of any difference between (1) the Interconnection Customer’s cost responsibility   
for the actual cost of such facilities or Upgrades, and (2) the Interconnection   
Customer’s previous aggregate payments to the Connecting Transmission Owner   
for such facilities or Upgrades. If the Interconnection Customer’s cost   
responsibility exceeds its previous aggregate payments, the Connecting   
Transmission Owner shall invoice the Interconnection Customer for the amount   
due and the Interconnection Customer shall make payment to the Connecting   
Transmission Owner within 30 calendar days. If the Interconnection Customer’s   
previous aggregate payments exceed its cost responsibility under this Agreement,   
the Connecting Transmission Owner shall refund to the Interconnection Customer   
an amount equal to the difference within 30 calendar days of the final accounting   
report.

6.1.3 If the Interconnection Customer disputes an amount to be paid, the

Interconnection Customer shall pay the disputed amount to the Connecting

Transmission Owner or into an interest bearing escrow account, pending

resolution of the dispute in accordance with Article 10 of this Agreement. To the extent the dispute is resolved in the Interconnection Customer’s favor, that portion of the disputed amount will be credited or returned to the Interconnection   
Customer with interest at rates applicable to refunds under the Commission’s   
regulations. To the extent the dispute is resolved in the Connecting Transmission Owner’s favor, that portion of any escrowed funds and interest will be released to the Connecting Transmission Owner.

6.2 Milestones

Subject to the provisions of the SGIP, the Parties shall agree on milestones for which

each Party is responsible and list them in Attachment 4 of this Agreement. A Party’s obligations   
under this provision may be extended by agreement. If a Party anticipates that it will be unable   
to meet a milestone for any reason other than a Force Majeure event, it shall immediately notify   
the other Parties of the reason(s) for not meeting the milestone and: (1) propose the earliest   
reasonable alternate date by which it can attain this and future milestones, and (2) requesting   
appropriate amendments to Attachment 4. The Party affected by the failure to meet a milestone

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shall not unreasonably withhold agreement to such an amendment unless: (1) it will suffer

significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) it has reason to believe that the delay in   
meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

6.3 Financial Security Arrangements

At least 20 Business Days prior to the commencement of the design, procurement,

installation, or construction of a discrete portion of the Connecting Transmission Owner’s

Interconnection Facilities and Upgrades, the Interconnection Customer shall provide the

Connecting Transmission Owner, at the Interconnection Customer’s option, a guarantee, a surety   
bond, letter of credit or other form of security that is reasonably acceptable to the Connecting   
Transmission Owner and is consistent with the Uniform Commercial Code of the jurisdiction   
where the Point of Interconnection is located. Such security for payment shall be in an amount   
sufficient to cover the costs for constructing, designing, procuring, and installing the applicable   
portion of the Connecting Transmission Owner’s Interconnection Facilities and Upgrades and   
shall be reduced on a dollar-for-dollar basis for payments made to the Connecting Transmission   
Owner under this Agreement during its term. The Connecting Transmission Owner may draw   
on any such security to the extent that the Interconnection Customer fails to make any payments   
due under this Agreement. In addition:

6.3.1 The guarantee must be made by an entity that meets the creditworthiness

requirements of the Connecting Transmission Owner, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.

6.3.2 The letter of credit or surety bond must be issued by a financial institution or   
 insurer reasonably acceptable to the Connecting Transmission Owner and must   
 specify a reasonable expiration date.

6.3.3 Notwithstanding the above, Security posted for System Upgrade Facilities for a   
 Small Generating Facility required to enter the Class Year process, or cash or   
 Security provided for System Deliverability Upgrades, shall meet the   
 requirements for Security contained in Attachment S to the ISO OATT.

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Article 7 Assignment, Liability, Indemnity, Force Majeure, Consequential Damages,

and Default

7.1 Assignment

This Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns. This Agreement may be assigned by any Party upon 15 Business Days prior written notice and opportunity to object by the other Parties; provided that:

7.1.1 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 that the Interconnection Customer promptly   
 notifies the NYISO and the Connecting Transmission Owner of any such   
 assignment. 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 of all of its assets, including the Interconnection Facilities it   
 owns, so long as the assignee in such a transaction directly assumes all rights,   
 duties and obligation arising under this Agreement.

7.1.2 The Interconnection Customer 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 Small Generating   
Facility.

7.1.3 Any attempted assignment that violates this article is void and ineffective.

Assignment shall not relieve a Party of its obligations, nor shall a Party’s

obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

7.2 Limitation of Liability

Each Party’s liability to the other Parties for any loss, cost, claim, injury, liability, or

expense, including reasonable attorney’s fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall any Party be liable to the other Parties for any indirect, special, consequential, or punitive damages.

7.3 Indemnity

7.3.1 This provision protects each Party from liability incurred to third parties as a   
 result of carrying out the provisions of this Agreement. Liability under this   
 provision is exempt from the general limitations on liability found in article 7.2.

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7.3.2 Each Party (the “Indemnifying Party”) shall at all times indemnify, defend, and

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

7.3.3 If a Party is entitled to indemnification under this article as a result of a claim by a

third party, and the Indemnifying Party fails, after notice and reasonable

opportunity to proceed under this article, 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.

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

Party harmless under this article, 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.

7.3.5 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 this article 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.

7.4 Consequential Damages

Other than as expressly provided for in this Agreement, no Party shall 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 another agreement will not be considered to be special, indirect, incidental,   
or consequential damages hereunder.

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7.5 Force Majeure

7.5.1 As used in this article, a “Force Majeure Event” shall mean “any act of God, labor

disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood,   
explosion, breakage or accident to machinery or equipment, any order, regulation   
or restriction imposed by governmental, military or lawfully established civilian   
authorities, or any other cause beyond a Party’s control. A Force Majeure Event   
does not include an act of negligence or intentional wrongdoing.” For the   
purposes of this article, this definition of Force Majeure shall supersede the   
definitions of Force Majeure set out in Section 32.10.1 of the ISO OATT.

7.5.2 If a Force Majeure Event prevents a Party from fulfilling any obligations under

this Agreement, the Party affected by the Force Majeure Event (“Affected Party”)   
shall promptly notify the other Parties, either in writing or via the telephone, of   
the existence of the Force Majeure event. The notification must specify in   
reasonable detail the circumstances of the Force Majeure Event, its expected   
duration, and the steps that the Affected Party is taking to mitigate the effects of   
the event on its performance. The Affected Party shall keep the other Parties   
informed on a continuing basis of developments relating to the Force Majeure   
Event until the event ends. The Affected Party will be entitled to suspend or   
modify its performance of obligations under this Agreement (other than the   
obligation to make payments) only to the extent that the effect of the Force   
Majeure Event cannot be mitigated by the use of Reasonable Efforts. The   
Affected Party will use Reasonable Efforts to resume its performance as soon as   
possible.

7.6 Breach and Default

7.6.1 No Breach of this Agreement shall exist where such failure to discharge an

obligation (other than the payment of money) is the result of a Force Majeure

Event or the result of an act or omission of the other Parties. Upon a Breach, the   
non-breaching Party shall give written notice of such Breach to the Breaching   
Party. Except as provided in article 7.6.2, the Breaching Party shall have 60   
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 60 calendar days,   
the Breaching Party shall commence such cure within 20 calendar days after   
notice and continuously and diligently complete such cure within six months from   
receipt of the Breach notice; and, if cured within such time, the Breach specified   
in such notice shall cease to exist.

7.6.2 If a Breach is not cured as provided in this article, or if a Breach is not capable of   
 being cured within the period provided for herein, a Default shall exist and the   
 non-defaulting Parties acting together shall thereafter have the right to terminate   
 this Agreement, in accordance with article 3.3 hereof, by written notice to the   
 defaulting Party 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

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damages and remedies to which they are entitled at law or in equity. The   
provisions of this article shall survive termination of this Agreement.

7.6.3 In cases where the Interconnection Customer has elected to proceed under

Section 32.3.5.3 of the SGIP, if the Interconnection Request is withdrawn or

deemed withdrawn pursuant to the SGIP during the term of this Agreement, this Agreement shall terminate.

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Article 8 Insurance

8.1 The Interconnection Customer shall, at its own expense, maintain in force general

liability insurance without any exclusion for liabilities related to the interconnection

undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient   
to insure against all reasonably foreseeable direct liabilities given the size and nature of   
the generating equipment being interconnected, the interconnection itself, and the   
characteristics of the system to which the interconnection is made. Such insurance   
coverage is specified in Attachment 7 to this Agreement. The Interconnection Customer   
shall obtain additional insurance only if necessary as a function of owning and operating   
a generating facility. Such insurance shall be obtained from an insurance provider   
authorized to do business in New York State where the interconnection is located.   
Certification that such insurance is in effect shall be provided upon request of the   
Connecting Transmission Owner, except that the Interconnection Customer shall show   
proof of insurance to the Connecting Transmission Owner no later than ten Business   
Days prior to the anticipated commercial operation date. An Interconnection Customer   
of sufficient creditworthiness may propose to self-insure for such liabilities, and such a   
proposal shall not be unreasonably rejected.

8.2 The NYISO and Connecting Transmission Owner agree to maintain general liability

insurance or self-insurance consistent with the existing commercial practice. Such

insurance or self-insurance shall not exclude the liabilities undertaken pursuant to this Agreement.

8.3 The Parties further agree to notify one another whenever an accident or incident occurs

resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

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Article 9 Confidentiality

9.1 Confidential Information shall mean any confidential and/or proprietary information

provided by one Party to the other Party that is clearly marked or otherwise designated   
“Confidential.” For purposes of this Agreement all design, operating specifications, and   
metering data provided by the Interconnection Customer shall be deemed Confidential   
Information regardless of whether it is clearly marked or otherwise designated as such.   
Confidential Information shall include, without limitation, information designated as   
such by the NYISO Code of Conduct contained in Attachment F to the ISO OATT.

9.2 Confidential Information does not include information previously in the public domain,

required to be publicly submitted or divulged by Governmental Authorities (after notice   
to the other Party and after exhausting any opportunity to oppose such publication or   
release), or necessary to be divulged in an action to enforce this Agreement. Each Party   
receiving Confidential Information shall hold such information in confidence and shall   
not disclose it to any third party nor to the public without the prior written authorization   
from the Party providing that information, except to fulfill obligations under this

Agreement, or to fulfill legal or regulatory requirements.

9.2.1 Each Party shall employ at least the same standard of care to protect Confidential

Information obtained from the other Parties as it employs to protect its own Confidential Information.

9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its

rights under this provision to prevent the release of Confidential Information

without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

9.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR §

lb.20, if FERC, during the course of an investigation or otherwise, requests

information from one of the Parties that is otherwise required to be maintained in   
confidence pursuant to this Agreement, the Party shall provide the requested   
information to FERC, within the time provided for in the request for information.   
In providing the information to FERC, the Party may, consistent with 18 CFR §   
388.112, request that the information be treated as confidential and non-public by   
FERC and that the information be withheld from public disclosure. Each Party is   
prohibited from notifying the other Parties to this Agreement prior to the release   
of the Confidential Information to FERC. The Party shall notify the other Parties   
to this Agreement when it is notified by FERC that a request to release   
Confidential Information has been received by FERC, at which time either of the   
Parties may respond before such information would be made public, pursuant to

18 CFR § 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.

9.4 Consistent with the provisions of this article 9, the Parties to this Agreement will

cooperate in good faith to provide each other, Affected Systems, Affected System

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Operators, and state and federal regulators the information necessary to carry out the terms of the SGIP and this Agreement.

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Article 10 Disputes

10.1 The NYISO, Connecting Transmission Owner and Interconnection Customer agree to

attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.

10.2 In the event of a dispute, the Parties will first attempt to promptly resolve it on an

informal basis. The NYISO will be available to the Interconnection Customer and

Connecting Transmission Owner to help resolve any dispute that arises with respect to

performance under this Agreement. If the Parties cannot promptly resolve the dispute on an informal basis, then any Party shall provide the other Parties with a written Notice of Dispute. Such notice shall describe in detail the nature of the dispute.

10.3 If the dispute has not been resolved within two Business Days after receipt of the notice,

any Party may contact FERC’s Dispute Resolution Service (“DRS”) for assistance in resolving the dispute.

10.4 The DRS will assist the Parties in either resolving their dispute or in selecting an

appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral

evaluation, or technical expert) to assist the Parties in resolving their dispute. The result of this dispute resolution process will be binding only if the Parties agree in advance. DRS can be reached at 1-877-337-2237 or via the internet at

[http://www.ferc.gov/legal/adr.asp.](http://www.ferc.gov/legal/adr.asp./)

10.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for

one-third of any costs paid to neutral third-parties.

10.6 If any Party elects to seek assistance from the DRS, or if the attempted dispute resolution

fails, then any Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.

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Article 11 Taxes

11.1 The Parties agree to follow all applicable tax laws and regulations, consistent with FERC

policy and Internal Revenue Service requirements.

11.2 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 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.

11.3 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.

11.4 Any payments due to the Connecting Transmission Owner under this Agreement shall be

adjusted to include any tax liability incurred by the Connecting Transmission Owner with respect to the interconnection request which is the subject of this Agreement. Such   
adjustments shall be made in accordance with the provisions of Article 5.17 of the LGIA in Attachment X of the ISO OATT. Except where otherwise noted, all costs, deposits, financial obligations and the like specified in this Agreement shall be assumed not to   
reflect the impact of applicable taxes.

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Article 12 Miscellaneous

12.1 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement 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. This Agreement is subject to all Applicable Laws and Regulations. Each Party   
expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

12.2 Amendment

The Parties may amend this Agreement by a written instrument duly executed by the Parties, or under article 12.12 of this Agreement.

12.3 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 where permitted, their assigns. Notwithstanding the foregoing, any   
subcontractor of the Connecting Transmission Owner or NYISO assisting either of those Parties with the Interconnection Request covered by this Agreement shall be entitled to the benefits of indemnification provided for under Article 7.3 of this Agreement and the limitation of liability   
provided for in Article 7.2 of this Agreement.

12.4 Waiver

12.4.1 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.

12.4.2 Any waiver at any time by a 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 Interconnection   
 Customer shall not constitute a waiver of the Interconnection Customer’s legal   
 rights to obtain an interconnection from the NYISO. Any waiver of this   
 Agreement shall, if requested, be provided in writing.

12.5 Entire Agreement

This Agreement, including all Attachments, 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, any Party’s compliance with its obligations under this Agreement.

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12.6 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.

12.7 No Partnership

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

venture, agency relationship, or partnership between 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, another Party.

12.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other   
Governmental Authority, (1) such portion or provision shall be deemed separate and   
independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the   
benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

12.9 Security Arrangements

Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. FERC expects the NYISO, the Connecting Transmission Owner, Market Participants, and Interconnection   
Customers interconnected to electric systems 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 are expected to meet basic standards for system infrastructure and operational security, including physical,   
operational, and cyber-security practices.

12.10 Environmental Releases

Each Party shall notify the other Parties, 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 Small Generating Facility or the Interconnection Facilities, each of which   
may reasonably be expected to affect the other Parties. The notifying Party shall: (1) provide the   
notice as soon as practicable, provided such Party makes a good faith effort to provide the notice   
no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly

furnish to the other Parties copies of any publicly available reports filed with any governmental authorities addressing such events.

12.11 Subcontractors

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,

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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.

12.11.1 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 to the extent provided for in   
Sections 32.7.2 and 32.7.3 above 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   
Interconnection Customer or its subcontractors with respect to obligations   
of the Interconnection Customer under 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.

12.11.2 The obligations under this article will not be limited in any way by any

limitation of subcontractor’s insurance.

12.12 Reservation of Rights

Nothing in this Agreement shall alter the right of the NYISO or Connecting Transmission   
Owner 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 which rights are expressly reserved herein, and the existing rights of the   
Interconnection Customer to make a unilateral filing with FERC to modify this Agreement under   
any applicable provision of the Federal Power Act and FERC’s rules and regulations are also   
expressly reserved herein; 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, except to the extent that the Parties otherwise agree as provided herein.

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Article 13 Notices

13.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement shall be deemed properly given if delivered in person, delivered by recognized national currier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Customer:

Monroe County

Attention: Director, Department of Environmental Services Address: 50 West Main Street, Suite 7100

City: Rochester State: NY Zip: 14614

Phone: (585) 753-7600

If to the Connecting Transmission Owner:

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

40 Sylvan Road

City: Waltham State: NY Zip: 02451-1120

Phone: (781) 907-2406

If to the NYISO:

Before Commercial Operation of the Small Generating Facility

New York Independent System Operator, Inc.

Attention: Vice President, System and Resource Planning Address: 10 Krey Boulevard

City: Rensselaer State: NY Zip: 12144

Phone: (518) 356-6000

After Commercial Operation:

New York Independent System Operator, Inc. Attention: Vice President, Operations   
Address: 10 Krey Boulevard

City: Rensselaer State: NY Zip: 12144

Phone: (518) 356-6000

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13.2 Billing and Payment

Billings and payments shall be sent to the addresses set out below:

Interconnection Customer:

Monroe County

Attention: Director, Department of Environmental Services Address: 50 West Main Street, Suite 7100

City: Rochester State: NY Zip: 14614

Phone: (585) 753-7600

Connecting Transmission Owner:

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

40 Sylvan Road

City: Waltham State: NY Zip: 02451-1120

13.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by either Party to the other and not required by this Agreement to be given in writing may be so given by telephone or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Monroe County

Attention: Director, Department of Environmental Services Address: 50 West Main Street, Suite 7100

City: Rochester State: NY Zip: 14614

Phone: (585) 753-7600   
E-mail:

If to the Connecting Transmission Owner:

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

40 Sylvan Road

City: Waltham State: NY Zip: 02451-1120

Phone: (781) 907-2406   
Email:

If to the NYISO:

New York Independent System Operator, Inc. Attention: Vice President, Operations   
Address: 10 Krey Boulevard

City: Rensselaer State: NY Zip: 12144

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Phone: (518) 356-6000

Email:

13.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications   
which may be necessary or convenient for the administration of this Agreement. This person   
will also serve as the point of contact with respect to operations and maintenance of the Party’s   
facilities.

Interconnection Customer’s Operating Representative:

Monroe County

Attention: Director, Department of Environmental Services Address: 50 West Main Street, Suite 7100

City: Rochester State: NY Zip: 14614

Phone: (585) 753-7600   
Email:

Connecting Transmission Owner’s Operating Representative:

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

40 Sylvan Road

City: Waltham State: NY Zip: 02451-1120

Phone: (781) 907-2406   
Email:

NYISO’s Operating Representative:

New York Independent System Operator, Inc. Attention: Vice President, Operations   
Address: 10 Krey Boulevard

City: Rensselaer State: NY Zip: 12144

Phone: (518) 356-6000   
Email:

13.5 Changes to the Notice Information

Either Party may change this information by giving five Business Days written notice prior to the effective date of the change.

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Article 14 Signatures

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

For the New York Independent System Operator, Inc.

Name: Zachary G. Smith

Title: Vice President, System & Resource Planning   
Date:

For Niagara Mohawk Power Corporation d/b/a National Grid

Name: Kathryn Cox-Arslan

Title: Director, Transmission Commercial Services   
Date:

For Monroe County

Name: Cheryl Dinolfo   
Title: County Executive   
Date:

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Attachment 1

Glossary of Terms

Affected System - 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 - Affected System Operator shall mean the operator of any Affected   
System.

Affected Transmission Owner - 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 Z and Attachment S to the ISO OATT.

Applicable Laws and Regulations - 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 Standards - The criteria, requirements and guidelines of the North

American Electric Reliability Council, the Northeast Power Coordinating Council, the New York   
State Reliability Council and related and successor organizations, or the Transmission District to   
which the Interconnection Customer’s Small Generating Facility is directly interconnected, as   
those criteria, 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 of or validity of   
any criterion, requirement or guideline as applied to it in the context of Attachment Z to the ISO   
OATT and this Agreement. For the purposes of this Agreement, this definition of Applicable   
Reliability Standards shall supersede the definition of Applicable Reliability Standards set out in   
Attachment X to the ISO OATT.

Base Case - The base case power flow, short circuit, and stability data bases used for the   
Interconnection Studies by NYISO, Connecting Transmission Owner or Interconnection   
Customer; described in Section 32.2.3 of the Large Facility Interconnection Procedures.

Breach - The failure of a Party to perform or observe any material term or condition of this Agreement.

Business Day - Monday through Friday, excluding federal holidays.

Capacity Resource Interconnection Service - The service provided by NYISO to

Interconnection Customers that satisfy the NYISO Deliverability Interconnection Standard or   
that are otherwise eligible to receive CRIS in accordance with Attachment S to the ISO OATT;

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such service being one of the eligibility requirements for participation as a NYISO Installed Capacity Supplier.

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

Default - The failure of a Party in Breach of this Agreement to cure such Breach under the Small Generator Interconnection Agreement.

Distribution System - The Transmission Owner’s facilities and equipment used to distribute electricity that are subject to FERC jurisdiction, and are subject to the NYISO’s Large Facility Interconnection Procedures in Attachment X to the ISO OATT or Small Generator   
Interconnection Procedures in Attachment Z to the ISO OATT under FERC Order Nos. 2003   
and/or 2006. For the purpose of this Agreement, the term Distribution System shall not include LIPA’s distribution facilities.

Distribution Upgrades - The additions, modifications, and upgrades to the Connecting

Transmission Owner’s Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Small Generating Facility and render the transmission service necessary to effect the Interconnection Customer’s wholesale sale of electricity in interstate commerce.   
Distribution Upgrades do not include Interconnection Facilities or System Upgrade Facilities or System Deliverability Upgrades.

Energy Resource Interconnection Service - The service provided by NYISO to interconnect   
the Interconnection Customer’s Small Generating Facility to the New York State Transmission   
System or Distribution 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 Small Generating Facility, pursuant to the terms of the ISO OATT.

Force Majeure - Any act of God, labor disturbance, act of the public enemy, war, insurrection,   
riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order,   
regulation or restriction imposed by governmental, military or lawfully established civilian   
authorities, or any other cause beyond a Party’s control. A Force Majeure event does not include   
an act of negligence or intentional wrongdoing. For the purposes of this Agreement, this   
definition of Force Majeure shall supersede the definitions of Force Majeure set out in Section

32.2.11 of the NYISO Open Access Transmission Tariff.

Good Utility Practice - 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

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exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority - 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 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 the Interconnection Customer, NYISO, Affected   
Transmission Owner, Connecting Transmission Owner or any Affiliate thereof.

Interconnection Customer - Any entity, including the Transmission Owner or any of the

affiliates or subsidiaries, that proposes to interconnect its Small Generating Facility with the New York State Transmission System or the Distribution System.

Interconnection Facilities - The Connecting Transmission Owner’s Interconnection Facilities and the Interconnection Customer’s Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the   
Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the New York State   
Transmission System or the Distribution System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or System Upgrade Facilities.

Interconnection Request - The Interconnection Customer’s request, in accordance with the

Tariff, to interconnect a new Small Generating Facility, or to materially increase the capacity of,   
or make a material modification to the operating characteristics of, an existing Small Generating   
Facility that is interconnected with the New York State Transmission System or the Distribution   
System. For the purposes of this Agreement, this definition of Interconnection Request shall   
supersede the definition of Interconnection Request set out in Attachment X to the ISO OATT.

Interconnection Study - Any study required to be performed under Sections 32.2 or 32.3 of the   
SGIP.

Material Modification - A modification that has a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

New York State Transmission System - The entire New York State electric transmission

system, which includes: (i) the Transmission Facilities under ISO Operational Control; (ii) the

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

NYISO Deliverability Interconnection Standard - The standard that must be met, unless

otherwise provided for by Attachment S to the ISO OATT, by (i) any generation facility larger   
than 2MW in order for that facility to obtain CRIS; (ii) any Class Year Transmission Project   
proposing to interconnect to the New York State Transmission System and receive Unforced   
Capacity Delivery Rights; (iii) any entity requesting External CRIS Rights, and (iv) any entity   
requesting a CRIS transfer pursuant to Section 25.9.5 of Attachment S to the ISO OATT. To   
meet the NYISO Deliverability Interconnection Standard, the Interconnection Customer must, in

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accordance with the rules in Attachment S to the ISO OATT, fund or commit to fund any System Deliverability Upgrades identified for its project in the Class Year Deliverability Study.

NYISO Minimum Interconnection Standard - The reliability standard that must be met by   
any generation facility or Class Year Transmission Project that is subject to NYISO’s Large   
Facility Interconnection Procedures in Attachment X to the ISO OATT or the NYISO’s Small   
Generator Interconnection Procedures in this Attachment Z, that is proposing to connect to the   
New York State Transmission System or Distribution System, to obtain ERIS. The Minimum   
Interconnection Standard is designed to ensure reliable access by the proposed project to the   
New York State Transmission System or to the Distribution System. The Minimum

Interconnection Standard does not impose any deliverability test or deliverability requirement on the proposed interconnection.

Operating Requirements - Any operating and technical requirements that may be applicable   
due to Regional Transmission Organization, Independent System Operator, control area, or the   
Connecting Transmission Owner’s requirements, including those set forth in the Small Generator   
Interconnection Agreement. Operating Requirements shall include Applicable Reliability   
Standards.

Party or Parties - The NYISO, Connecting Transmission Owner, Interconnection Customer or any combination of the above.

Point of Interconnection - The point where the Interconnection Facilities connect with the New York State Transmission System or the Distribution System.

Reasonable Efforts - 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.

Small Generating Facility - The Interconnection Customer’s device no larger than 20 MW for   
the production and/or storage for later injection of electricity identified in the Interconnection   
Request, but shall not include the Interconnection Customer’s Interconnection Facilities.

System Deliverability Upgrades - The least costly configuration of commercially available components of electrical equipment that can be used, consistent with Good Utility Practice and Applicable Reliability Requirements, to make the modifications or additions to the 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 for   
Capacity Resource Interconnection Service.

System Upgrade Facilities - 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 modification or additions to   
the existing New York State Transmission System that are required for the proposed project to

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connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard.

Tariff - The NYISO’s Open Access Transmission Tariff, as filed with the FERC, and as amended or supplemented from time to time, or any successor tariff.

Upgrades - The required additions and modifications to the Connecting Transmission Owner’s portion of the New York State Transmission System or the Distribution System at or beyond the Point of Interconnection. Upgrades may be System Upgrade Facilities or System Deliverability Upgrades Distribution Upgrades. Upgrades do not include Interconnection Facilities.

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Attachment 2

Detailed Scope of Work, Including Description and Costs of the Small Generating Facility,   
 Interconnection Facilities, and Metering Equipment

Equipment, including the Small Generating Facility, Interconnection Facilities, and

metering equipment shall be itemized and identified as being owned by the Interconnection

Customer, or the Connecting Transmission Owner. The NYISO, in consultation with the

Connecting Transmission Owner, will provide a best estimate itemized cost, including

overheads, of its Interconnection Facilities and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with its Interconnection   
Facilities and metering equipment.

A. PROJECT DESCRIPTION

The Interconnection Customer owns an existing 6.4 MW landfill gas-to-energy

generation facility located in Riga, New York (“Small Generating Facility”). The Small

Generating Facility consists of eight Caterpillar 800 kW 3516 generators. As depicted on the   
one-line diagram in Attachment 3, the Small Generating Facility includes the following   
equipment:

• Eight (8) Caterpillar 3516 generators, 3 phase, 3 wire, 4160 Volt, 60 Hz, 800 kW/1000   
 KVA at 0.80 power factor with reactive power capability of 600 kVAr;

• Eight (8) 5 kV 1200 A, 250 MVA, circuit breakers;

• 4.16 kV switchgear with SEL-300G Generator Protection Relay for each generator;

• Two (2) 3 phase, 15 kV, 110 BIL, 1200 A, type V2-CA gang operated vertical break   
 disconnect switches;

• Three (3) 5.1 kV MCOV station class lightning arresters; and

• One (1) 5 kV 1200 A, 31.5 kA, circuit breaker.

The Point of Interconnection (“POI”) for the Small Generating Facility is the point at

which the facility interconnects via a tap configuration to the Connecting Transmission Owner’s

34.5 kV Caledonia-Churchville 34.5 kV Line #201 at Pole 610, approximately 8.42 miles from Caledonia Substation and 0.65 miles from Churchville Substation, as depicted on the one-line diagram in Attachment 3.

The Point of Change of Ownership (“PCO”) is at the underground riser termination   
structure (Connecting Transmission Owner Pole 610), as depicted on the one-line diagram in Attachment 3.

B. INTERCONNECTION CUSTOMER’S INTERCONNECTION FACILITIES

As depicted on the one line diagram in Attachment 3, the Interconnection Customer’s Interconnection Facilities are:

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• One (1) three phase, two winding, 4.16/34.5 kV delta-delta step up transformer 8/10   
 MVA (ONAN/ONAF), with impedance 6.85% at 8 MVA base;

• One (1) 38 kV 1200 A, 200 kV BIL, 25 kA circuit breaker;

• Six (6) 36.5 kV MCOV station class lightning arresters;

• One (1) 3 phase, 34.5kV, 200 kV BIL, 600 A, type V2-CA gang operated, vertical break   
 disconnect switch;

• One (1) 3.1 mile, 3 phase, overhead, 34.5 kV line consisting of wood structures and 1/0   
 Al cable;

• One (1) 34.5 kV, 200 kV BIL, 17.5 kA fused disconnect switch located at Pole 59 on   
 Interstate 490; and

• One (1) .2 mile, 3 phase, underground 34.5 kV line consisting of 4/0 Al cable in duct   
 bank.

C. CONNECTING TRANSMISSION OWNER’S INTERCONNECTION

FACILITIES

As depicted on the one-line diagram in Attachment 3, the Connecting Transmission Owner’s Interconnection Facilities include:

• EMS-RTU;

• Revenue metering, including current transformers and voltage transformers; and

• Line tap at Pole 610 with one (1) 3-phase, 34.5 kV, 1200 A, gang operated 1oad break   
 switch.

D. SCOPE OF WORK AND RESPONSIBILITIES

1. Interconnection Customer’s Scope of Work and Responsibilities

The Interconnection Customer’s Interconnection Facilities shall be designed, constructed, operated and maintained by the Interconnection Customer in accordance with industry standards and specifications and the Connecting Transmission Owner’s Electric System Bulletins (“ESBs”) which are available at:

[https://www9.nationalgridus.com/niagaramohawk/construction/3\_elec\_specs.asp](https://www9.nationalgridus.com/niagaramohawk/construction/3_elec_specs.asp/)

The Interconnection Customer shall submit all engineering design and electrical

specifications associated with the New Interconnection Customer Interconnection Facilities and any modifications to the Small Generating Facility, to the CTO for review and acceptance in accordance with the ESBs.

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D. O&M EXPENSES FOR INTERCONNECTION FACILITIES

In accordance with Article 4.1 of this Agreement, Interconnection Customer shall be responsible for all reasonable expenses (“O&M Expenses”) associated with the operation, maintenance, repair and replacement of the Connecting Transmission Owner Interconnection Facilities, as such facilities are detailed in

Appendix A.

Interconnection Customer shall have the option to pay such O&M Expenses under either procedure described in Option 1 or in Option 2 below.

1. Option 1: Fixed On-Going Charge Payment:

Connecting Transmission Owner will invoice and Interconnection Customer shall pay an annual payment to the Connecting Transmission Owner equal to the product of the Gross Plant Investment associated with the Connecting Transmission Owner Interconnection Facilities and the Annual Transmission Ongoing Charge Factor, for the term of this Agreement.

All payments due to be made by Interconnection Customer shall be made within thirty

(30) days after receiving an invoice from Connecting Transmission Owner.

The Project’s Gross Connecting Transmission Owner’s Interconnection Facilities Plant   
Investment cost shall be established in writing by Connecting Transmission Owner no later than

90 days following commercial operation.

The Annual On-Going Charge Factor shall be calculated annually each July based on the Connecting Transmission Owner’s most recently filed FERC Form 1 data and will equal the sum of the Revenue Requirement Components as identified on O&M Attachment 1 divided by the Total Gross Plant of the Connecting Transmission Owner. Total Gross Plant shall equal the sum of Item Nos. A (1)(a)(b) and (c) in O&M Attachment 1.

2. Option 2: Annual Actual O&M Expenses

Interconnection Customer shall pay for all actual O&M Expenses incurred by Connecting Transmission Owner, which expenses shall be billed by Connecting Transmission Owner   
quarterly as accumulated during the calendar quarter for which they were incurred.

All payments due to be made by Interconnection Customer shall be made within thirty

(30) days after receiving an invoice from Connecting Transmission Owner, which invoice shall be issued after the end of each calendar quarter for the most recent quarter.

3. Selection by Interconnection Customer

Interconnection Customer shall select which option for paying O&M Expenses by

providing written notice to the Connecting Transmission Owner within thirty (30) days after   
receiving from the Connecting Transmission Owner the Gross Connecting Transmission   
Owner’s Interconnection Facilities Plant Investment cost and the most recent Annual

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Transmission Ongoing Charge Factor. If Interconnection Customer fails to provide timely notice to Connecting Transmission Owner of the option selected, Interconnection Customer will be deemed to have selected Option 2: Annual Actual O&M Expenses.

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O&M ATTACHMENT 1

Capitalized terms used in this calculation have the following definitions:

Allocation Factors

1. General Plant Allocation Factor shall equal Electric General Plant divided by the sum of

Electric General Plant plus gas general plant as reported in the Annual Report filed with the New York State Public Service Commission.

2. Gross Transmission Plant Allocation Factor shall equal the total investment in

Transmission Plant in Service divided by the sum of the total Transmission Plant in

Service plus the total Distribution Plant in Service, excluding Intangible Plant, General Plant and Common Plant.

3. Transmission Wages and Salaries Allocation Factor shall equal the ratio of Connecting

Transmission Owner’s Transmission-related direct electric wages and salaries including   
any direct wages or salaries charged to Connecting Transmission Owner by a National   
Grid Affiliate to Connecting Transmission Owner’s total electric direct wages and   
salaries including any wages charged to Connecting Transmission Owner by a National   
Grid Affiliate excluding any electric administrative and general wages and salaries.

Ratebase and Expense items

1. Administrative and General Expense shall equal electric expenses as recorded in FERC

Account Nos. 920-935.

2. Amortization of Investment Tax Credits shall equal electric credits as recorded in FERC

Account No. 411.4.

3. Distribution Plant in Service shall equal the gross plant balance as recorded in FERC

Account Nos. 360 - 374.

4. Electric Common Plant shall equal the balance of Common Plant recorded in FERC

Account Nos. 389-399 multiplied by the General Plant Allocation Factor.

5. General Plant shall equal electric gross general plant balance recorded in FERC Account

Nos. 389-399.

6. Materials and Supplies shall equal electric materials and supplies balance as recorded in

FERC Account No. 154.

7. Payroll Taxes shall equal those electric payroll tax expenses as recorded in FERC

Account Nos. 408.100, 408.110, and 408.130.

8. Prepayments shall equal electric prepayment balance as recorded in FERC Account No.

165.

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9. Real Estate Tax Expenses shall equal electric transmission-related real estate tax expense

as recorded in FERC Account No. 408.140 and 408.180.

10. Transmission Operation and Maintenance Expense shall equal electric expenses as

recorded in FERC Account Nos. 560, 562-573.

11. Transmission Plant in Service shall equal the gross plant balance as recorded in FERC

Account Nos. 350-359.

12. Transmission Revenue Credits shall equal the revenue reported in Account 456

13. Transmission Related Bad Debt Expense shall equal Bad Debt Expense as reported in

Account 904 related to transmission billing.

14. Wholesale Metering Cost shall equal any costs associated with any Revenue or Remote

Terminal Unit (RTU) meters and associated equipment located at an internal or external tie at voltages equal to or greater than 23V. The cost shall be determined by multiplying the number of wholesale meters in FERC Account No. 370.3 by the average cost of the meters plus the average costs of installation.

In the event that the above-referenced FERC accounts are renumbered, renamed, or otherwise modified, the above sections shall be deemed amended to incorporate such   
renumbered, renamed, modified or additional accounts.

Revenue Requirement Components

The Revenue Requirement Component shall be the sum of Connecting Transmission   
Owner’s (A) Return and Associated Income Taxes, (B) Transmission Related Real Estate Tax   
Expense, (C) Transmission Related Amortization of Investment Tax Credits, (D) Transmission   
Related Payroll Tax Expense, (E) Transmission Operation and Maintenance Expense, (F)   
Transmission Related Administrative and General Expenses, less (G) Revenue Credits, plus (H)   
Bad Debt Expense.

A. Return and Associated Income Taxes shall equal the product of the Transmission

Investment Base as identified in A(1) below and the Cost of Capital Rate.

1. Transmission Investment Base shall be defined as

Transmission Related General Plant plus Transmission Related Common Plant

plus Transmission Related Regulatory Assets plus Transmission Related

Prepayments plus Transmission Related Materials and Supplies plus Transmission Related Cash Working Capital.

(a) Transmission Plant in Service shall equal the balance of Total investment

in Transmission Plant plus Wholesale Metering Cost.

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(b) Transmission Related General Plant shall equal the balance of investment

in General Plant multiplied by the Transmission Wages and Salaries Allocation Factor.

(c) Transmission Related Common Plant shall equal Electric Common Plant

multiplied by the Gross Transmission Plant Allocation Factor and

multiplied by the Transmission Wages and Salaries Allocation Factor.

(d) Transmission Related Regulatory Assets shall equal balances in FERC

Account Nos. 182.3 and 254 for state and federal regulatory assets and

liabilities related to FAS109, and excess AFUDC multiplied by the Gross Transmission Plant Allocation Factor

(e) Transmission Related Prepayments shall equal the electric balance of

Prepayments multiplied by the Gross Transmission Plant Allocation

Factor.

(f) Transmission Related Materials and Supplies shall equal the balance of

Materials and Supplies assigned to Transmission added to the remainder   
of Material and Supplies not directly assigned to either Transmission or   
Distribution multiplied by the Gross Transmission Plant Allocation Factor.

(g) Transmission Related Cash Working Capital shall be a 12.5% allowance

(45 days/360 days) of the Transmission Operation and Maintenance

Expense (less FERC Account 565: Transmission of Electricity by Others) and Transmission-Related Administrative and General Expense.

2. Cost of Capital Rate

The Cost of Capital Rate shall equal the proposed Weighted Costs of Capital plus Federal Income Taxes and State Income Taxes.

(a) The Weighted Costs of Capital will be calculated for the Transmission

Investment Base using Connecting Transmission Owner’s actual capital structure and will equal the sum of (i), (ii), and (iii) below:

(i) the long-term debt component, which equals the product of the

actual weighted average embedded cost to maturity of Connecting Transmission Owner’s long-term debt then outstanding and the actual long-term debt capitalization ratio.

(ii) the preferred stock component, which equals the product of the

actual weighted average embedded cost to maturity of Connecting Transmission Owner’s preferred stock then outstanding and the actual preferred stock capitalization ratio;

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(iii) the return on equity component, which shall be the product of the

allowed ROE of 10.3% and Connecting Transmission Owner’s actual common equity capitalization ratio.

(b) Federal Income Tax shall equal

A x Federal Income Tax Rate   
(1 - Federal Income Tax Rate)

where A is the sum of the preferred stock component and the return on equity component, each as determined in Sections 2.(a)(ii) and for the ROE set forth in 2.(a)(iii) above

(c) State Income Tax shall equal

(A + Federal Income Tax) x State Income Tax Rate   
 (1 - State Income Tax Rate)

Where A is the sum of the preferred stock component and the return on equity component as determined in A.2.(a)(ii) and A.2.(a)(iii) above and Federal income Tax is determined in 2.(b) above.

B. Transmission Related Real Estate Tax Expense shall equal the Real Estate Tax Expenses

multiplied by the Gross Plant Allocation Factor.

C. Transmission Related Amortization of Investment Tax Credits shall equal the electric

Amortization of Investment Tax Credits multiplied by the Gross Transmission Plant Allocation Factor.

D. Transmission Related Payroll Tax Expense shall equal Payroll Taxes multiplied by the

Transmission Wages and Salaries Allocation Factor.

E. Transmission Operation and Maintenance Expense shall equal the Transmission

Operation and Maintenance Expense as previously defined.

F. Transmission Related Administrative and General Expenses shall equal the sum of the

electric Administrative and General Expenses multiplied by the Transmission Wages and

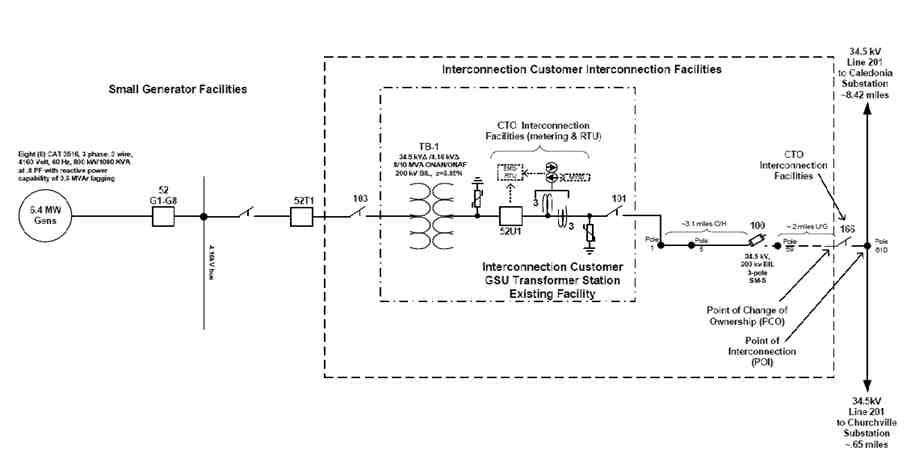
Salaries Allocation Factor.

G. Revenue Credits shall equal all Transmission revenue recorded in FERC account 456.

H. Transmission Related Bad Debt Expense shall equal Transmission Related Bad Debt

Expense as previously defined.

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Attachment 3

One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades   
 [Diagram is on the following page 3-2]

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Attachment 4

Milestones

In-Service Date: In-Service (Effective October 20, 2006).

Critical milestones and responsibility as agreed to by the Parties:

Milestone

1. Begin Construction of Small

Generating Facility

2. Metering Installation

3. Complete Construction of Small

Generating Facility   
4.

34.5 kV Interconnection Tao

Date Responsible Party

August 1, 2006 Interconnection Customer

(Competed)

September 15, 2006 Connecting Transmission Owner

(Completed)

October 15, 2006 Interconnection Customer

(Completed)

October 15, 2006 Connecting Transmission Owner   
 (Completed)

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Attachment 5

Additional Operating Requirements for the New York State Transmission System, the Distribution System and Affected Systems Needed to Support the Interconnection   
 Customer’s Needs

The NYISO, in consultation with the Connecting Transmission Owner, shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel   
operation with the New York State Transmission System or the Distribution System.

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Attachment 6

Connecting Transmission Owner’s Description of its Upgrades and Best Estimate of   
 Upgrade Costs

The NYISO, in consultation with the Connecting Transmission Owner, shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the   
Upgrades and annual operation and maintenance expenses associated with such Upgrades. The Connecting Transmission Owner shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

The cost estimate for System Upgrade Facilities and System Deliverability Upgrades

shall be taken from the ISO OATT Attachment S cost allocation process or applicable

Interconnection Study, as required by Section 32.3.5.3.2 of Attachment Z. The cost estimate for Distribution Upgrades shall include the costs of Distribution Upgrades that are reasonably   
allocable to the Interconnection Customer at the time the estimate is made, and the costs of any Distribution Upgrades not yet constructed that were assumed in the Interconnection Studies for the Interconnection Customer but are, at the time of the estimate, an obligation of an entity other than the Interconnection Customer.

The cost estimates for Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades are estimates. The Interconnection Customer is ultimately responsible for the actual cost of the Distribution Upgrades, System Upgrade Facilities, and System   
Deliverability Upgrades needed for its Small Generating Facility, as that is determined under Attachments S, X, and Z of the ISO OATT.

A. DISTRIBUTION UPGRADES

None.

B. SYSTEM UPGRADE FACILITIES (“SUFs”)

None.

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Attachment 7

Insurance Coverage

Interconnection Customer shall, at its own expense, maintain in force throughout the period of this Agreement, the following minimum insurance coverage, with insurers authorized to do business in the State of New York:

Commercial General Liability Insurance including, but not limited to, bodily injury, property damage, products/completed operations, contractual and personal injury liability with a combined single limit of $1 million per occurrence, $2 million annual aggregate.

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