**AMENDED AND RESTATED INTERCONNECTION AGREEMENT**

**BY AND AMONG**

**NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.,**

**NIAGARA MOHAWK POWER CORPORATION D/B/A NATIONAL GRID,**

**AND**

**CHAUTAUQUA COUNTY**

**Dated as of June 1, 2011**

**TABLE OF CONTENTS**

Page No.

Article 1. Scope and Limitations of Agreement 2

1.1 Applicability 2

1.2 Purpose 2

1.3 Scope of Interconnection Service 2

1.4 Limitations 3

1.5 Responsibilities of the Parties 3

1.6 Parallel Operation Obligations 4

1.7 Metering 4

1.8 Reactive Power 4

1.9 Capitalized Terms 5

Article 2. Inspection, Testing, Authorization, and Right of Access 5

2.1 Equipment Testing and Inspection 5

2.2 Authorization Required Prior to Parallel Operation 6

2.3 Right of Access 6

Article 3. Effective Date, Term, Termination, and Disconnection 7

3.1 Effective Date 7

3.2 Term of Agreement 7

3.3 Termination 7

3.4 Temporary Disconnection 8

Article 4. Cost Responsibility for Interconnection Facilities and
Distribution Upgrades 10

4.1 Interconnection Facilities 10

4.2 Distribution Upgrades 11

Article 5. Cost Responsibility for System Upgrade Facilities and System Deliverability Upgrades 11

5.1 Applicability 11

5.2 System Upgrades 11

5.3 Special Provisions for Affected Systems 12

Article 6. Billing, Payment, Milestones, and Financial Security 12

6.1 Billing and Payment Procedures and Financial Accounting 12

6.2 Milestones 13

6.3 Financial Security Arrangements 14

Article 7 Assignment, Liability, Indemnity, Force Majeure,
Consequential Damages, and Default 14

7.1 Assignment 14

7.2 Limitation of Liability 15

7.3 Indemnity 15

7.4 Consequential Damages 16

7.5 Force Majeure 17

7.6 Breach and Default 17

Article 8 Insurance 18

Article 9. Confidentiality 19

Article 10. Disputes 20

Article 11. Taxes 21

Article 12. Miscellaneous 22

12.1 Governing Law, Regulatory Authority, and Rules 22

12.2 Amendment 22

12.3 No Third-Party Beneficiaries 22

12.4 Waiver 23

12.5 Entire Agreement 23

12.6 Multiple Counterparts 23

12.7 No Partnership 23

12.8 Severability 24

12.9 Security Arrangements 24

12.10 Environmental Releases 24

12.11 Subcontractors 24

12.12 Reservation of Rights 25

Article 13. Notices 25

13.1 General 25

13.2 Billing and Payment 26

13.3 Alternative Forms of Notice 27

13.4 Designated Operating Representative 27

13.5 Changes to the Notice Information 28

Article 14. Signatures 29

Attachment 1 Glossary of Terms 1-1

Attachment 2 Detailed Scope of Work, Including Description and Costs

of the Small Generating Facility, Interconnection Facilities,

and Metering Equipment 2-1

Attachment 3 One-line Diagram Depicting the Small Generating Facility,

Interconnection Facilities, Metering Equipment, and Upgrades 3-1

Attachment 4 Milestones 5-1

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 5-4

Attachment 6 Connecting Transmission Owner’s Description of its Upgrades and Best
Estimate of Upgrade Costs 6-1

Attachment 7 Insurance Coverage 7-1

**STANDARD SMALL GENERATOR INTERCONNECTION AGREEMENT**

This Amended and Restated Interconnection Agreement (“Agreement”) is made and entered into this 1st day of June, 2011, 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”), Niagara Mohawk Power Corporation d/b/a National Grid, a corporation existing under the laws of the State of New York (“Connecting Transmission Owner” or “Connecting Transmission Provider”), and Chautauqua County, NY 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.”

**NYISO Information**

 **Before Commercial Operation of the Small Generating Facility:**

 Attention: Vice President, System and Resource Planning

 10 Krey Boulevard

 Rensselaer, NY 12144

 Phone: 518-356-6000 Fax: 518-356-6118

 **After Commercial Operation of the Small Generating Facility:**

 Attention: Vice President, Operations

 3890 Carman Rd

 Schenectady, NY 12303

 Phone: 518-356-6000 Fax: 518-356-6118

**Connecting Transmission Owner Information**

 Niagara Mohawk Power Corporation d/b/a National Grid

 Attention: Manager, Transmission Commercial Services

 300 Erie Boulevard West

 Syracuse, NY 13202

 Phone: 315-428-5048 Fax: 315-428-5114

**Interconnection Customer Information**

 Chautauqua County

 Attention: Gregory J. Edwards - Chautauqua County Executive

 3 North Erie Street

 Mayville, NY 14757

 Phone: 716-753-4211 Fax: 716-753-4756

Interconnection Customer Application No: N/A

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

**Article 1 Scope and Limitations of Agreement**

**1.1 Applicability**

This Small Generator Interconnection Agreement (“SGIA”) 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 NYISO will provide Capacity Resource Interconnection Service and Energy Resource Interconnection Service to Interconnection Customer at the Point of Interconnection, with Capacity Resource Interconnection Service subject to the provisions set forth in Attachment 6, Section E.

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 NYISO 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.

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.

**1.6 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 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 established by the Connecting Transmission Owner on a comparable basis, until NYISO has established different requirements that apply to all similarly situated generators in the New York Control Area on a comparable basis.

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 Section 32.5, Appendix 1 or Attachment S or Attachment X of the NYISO OATT.

**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.

**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.

**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 (20) years from the Effective Date 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.

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 non-terminating 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 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 necessary for routine maintenance, construction, and repairs on the New York State Transmission System or Distribution System. 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 NYISO 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.

**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.

**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 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 NYISO 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 NYISO 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 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 NYISO OATT. The agreement shall specify the terms governing payments to be made by the Interconnection Customer to Affected System operator as well as the repayment by Affected System Operator.

**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 shall not unreasonably withhold agreement to such an amendment unless it will suffer significant uncompensated economic or operational harm from the delay, (1) attainment of the same milestone has previously been delayed, or (2) 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 NYISO OATT.

**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.

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.

**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 2.11 of the NYISO OATT.

7.5.2 If an event of Force Majeure 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 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.

**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.

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

**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.

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.

**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 NYISO 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.

**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.

**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, 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.

**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 (“Notice”) 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:

Chautauqua County

Attention: Gregory J. Edwards - Chautauqua County Executive

3 North Erie Street

Mayville, NY 14757

Phone: 716-753-4211 Fax: 716-753-4756

If to the Connecting Transmission Owner:

 Niagara Mohawk Power Corporation d/b/a National Grid

 Attention: Manager, Transmission Commercial Services

 300 Erie Boulevard West

 Syracuse, NY 13202

 Phone: 315-428-5048 Fax: 315-428-5114

If to the NYISO:

 Before Commercial Operation of the Small Generating Facility:

 Attention: Vice President, System and Resource Planning

 10 Krey Boulevard

 Rensselaer, NY 12144

 Phone: 518-356-6000 Fax: (518) 356-6118

 After Commercial Operation of the Small Generating Facility:

 Attention: Vice President, Operations

 3890 Carman Rd

 Schenectady, NY 12303

 Phone: 518-356-6000 Fax: 518-356-6118

**13.2 Billing and Payment**

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

Chautauqua County

Attention: Gregory J. Edwards - Chautauqua County Executive

3 North Erie Street

 Mayville, NY 14757

 Phone: 716-753-4211 Fax: 716-753-4756

 Niagara Mohawk Power Corporation d/b/a National Grid

 Attention: Misc. Billing Department

 300 Erie Boulevard West

 Syracuse, NY 13202

**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, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Chautauqua County

Attention: Gregory J. Edwards - Chautauqua County Executive

3 North Erie Street

Mayville, NY 14757

Phone: 716-753-4211 Fax: 716-753-4756

If to the Connecting Transmission Owner:

 Niagara Mohawk Power Corp d/b/a National Grid

 Attention: Manager, Transmission Commercial Services

 300 Erie Boulevard, West

 Syracuse, NY 13202

 Phone: 315-428-5048 Fax: 315-428-5114

If to the NYISO:

 Before Commercial Operation of the Small Generating Facility:

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

Rensselaer, NY 12144

Phone: 518-356-6000 Fax: 518-356-6118

 After Commercial Operation of the Small Generating Facility:

 Attention: Vice President, Operations 3890 Carman Rd

 Schenectady, NY 12303

 Phone: 518-356-6000 Fax: 518-356-6118

**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:

 Innovative Energy Systems

Attention: Dennis Plaster / Peter Zeliff Jr

2999 Judge Road

Oakfield, NY 14125

Phone: 585-948-8580 Fax: 585-948-8584

Connecting Transmission Provider’s Operating Representative:

 Niagara Mohawk Power Corp d/b/a National Grid

 Attention: Manager – Control Center, NY

 7437 Henry Lay Blvd, Bldg 3

 Syracuse, NY 13202

 Phone: 315-460-2472 Fax: 315-460-2494

NYISO’s Operating Representative:

 Attention: Vice President, Operations

 3890 Carman Rd

 Schenectady, NY 12303

 Phone: 518-356-6000 Fax: 518-356-6118

**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.

**Article 14. Signatures**

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

**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 NYISO 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 NYISO 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 NYISO 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 interconnect the Interconnection Customer’s Small Generating Facility to the New York State Transmission System or Distribution System in accordance with the NYISO Deliverability Interconnection Standard, to enable the New York State Transmission System to deliver electric capacity from the Small Generating Facility, pursuant to the terms of the NYISO OATT.

**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.

**Deliverability Interconnection Standard** - The standard that must be met by any Small Generating Facility larger than 2MW proposing to interconnect to the New York State Transmission System or Distribution System and to become a qualified Installed Capacity Supplier, and must be met by any merchant transmission project proposing to interconnect to the New York State Transmission System and receive Unforced Capacity Delivery Rights. To meet the NYISO Deliverability Interconnection Standard, the Interconnection Customer must, in accordance with the rules in Attachment S to the NYISO OATT, fund or commit to fund the System Deliverability Upgrades identified for its project in the Class Year Deliverability Study.

**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 Provider’s facilities and equipment used to distribute electricity that are not under the operational control of the NYISO, and are subject to the SGIP under FERC Order No. 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 NYISO 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 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 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 Transmission Provider’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, System Upgrade Facilities, or System Deliverability Upgrades.

**Interconnection Request** - The Interconnection Customer’s request, in accordance with the Tariff, to interconnect a new Small Generating Facility, or to 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 NYISO 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.

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

**New York State Transmission System** - **New York State Transmission System** shall mean the entire New York State electric transmission system, which includes (i) the Transmission Facilities under ISO Operational Control; (ii) the Transmission Facilities Requiring ISO Notification; and (iii) all remaining transmission facilities within the New York Control Area.

**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 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 modifications or additions to the existing New York State Transmission System that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard.

**Tariff** - 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, Distribution Upgrades, or System Deliverability Upgrades. Upgrades do not include Interconnection Facilities.

**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.

1. **PROJECT DESCRIPTION**
2. **Description of Existing Facility**

The Interconnection Customer has constructed a 6.4 MW landfill gas-to-energy generation facility (the “Existing Facility”) located at the Chautauqua County landfill in Ellery, New York. The Existing Facility interconnects to the Connecting Transmission Owner’s 34.5 kV Hartfield-South Dow Line #859 (“Hartfield-South Dow Line #859”) via a single breaker tap arrangement and 4.7 mile, 34.5 kV sub-transmission line (the “Chautauqua Line”), with distribution underbuild.

The Existing Facility consists of:

## Four (4) Caterpillar Model 3520 Engines, 1.6 MW, 2 MVa, each of which has a reactive power capability to operate from a power factor range of 0.80 lagging to 0.90 leading, giving a gross plant reactive capability of +6.6 MVAR to -4.64 MVAR at the generator terminals;

## One (1) three-phase 4160 (Delta)-480 /277 V (Wye), 750 kVA transformer, 60 kV BIL, 7% impedance;

## One (1) (interconnection tie circuit breaker) 4.16kV, 2000A, 40kAIC, 60kV BIL (with 48VDC Trip and Close);

## One (1) (ancillary circuit load breaker) 4.16kV, 1200A, 40kAIC, 60kV BIL (with 48VDC Trip and Close);

## Four (4) (generator circuit breakers) 4.16kV, 1200A, 40kAIC, 60kV BIL (with 48VDC Trip and Close);

## One (1) 4.16 kV bus that will accommodate connection and protection controls; and

## Utility interconnection protection equipment and relaying controls.

The Point of Change of Ownership for the Existing Facility is the line termination at the 34.5kV insulators on the Interconnection Customer’s Generator Step-up (“GSU”) Station termination structure on the line side of the load break disconnect switch.

The Point of Interconnection for the Existing Facility is the tap point on the Connecting Transmission Owner’s 34.5kV Hartfield-South Dow Line #859.

1. **Description of New Facility**

The Interconnection Customer is expanding the Facility from 6.4 MW to 9.6 MW by adding two (2) 1.6 MW reciprocating engines to the Existing Facility, bringing the total combined maximum generating capability to approximately 9.6 MW. This 3.2 MW uprate (the “New Facility”) has a proposed in-service date of June 30, 2011.

The New Facility will modify the Existing Facility with the following equipment::

## Two (2) additional Caterpillar Model 3520 Engines, 1.6 MW, 2 MVa, each of which has a reactive power capability to operate from a power factor range of 0.80 lagging to 0.90 leading, giving a gross plant reactive capability of +6.6 MVAR to -4.64 MVAR at the generator terminals and

## Two (2) additional (generator circuit breakers) 4.16kV, 1200A, 40kAIC, 60kV BIL (with 48VDC Trip and Close);

The equipment required for the interconnection of the New Facility will be installed as detailed below.

1. **INTERCONNECTION CUSTOMER’S INTERCONNECTION FACILITIES**
2. **Existing Interconnection Customer’s Interconnection Facilities**

As depicted in Attachment 3, the Interconnection Customer’s Existing Interconnection Facilities are:

## A 34.5 kV overhead line receiving structure, 200kV BIL;

## One (1) three-phase 34500 (Delta) - 4160/2402 V (Wye), 7/8.75 MVA ONAN/ONAF, 200 kV BIL transformer, 9% impedance;

## One (1) 34.5 kV, 600 A, 200 kV BIL group operated manual load break disconnect switch;

## One (1) 34.5 kV, 1200 A, 20 kA, 200 kV BIL circuit breaker with 2 sets of 600/5 C400 CT’s per bushing;

## GSU transformer protection and Generator protection to be coordinated with the Connecting Transmission Owner’s 34.5 kV supply: Hartfield and South Dow stations;

## Telecommunications equipment and circuits as may be necessary for the Connecting Transmission Owner’s Energy Management System (“EMS”), Remote Terminal Unit (“RTU”) and metering;

## Provisions for one set of Connecting Transmission Owner 34.5 kV metering transformers and metering equipment; and

## Provisions for the Connecting Transmission Owner’s telemetering EMS RTU equipment.

1. **New Interconnection Customer’s Interconnection Facilities**

As depicted in Attachment 3, the Interconnection Customer’s New Interconnection Facilities consist of:

## One (1) three-phase 34500 (Delta) - 4160/2402 V (Wye), 11/13.75 MVA ONAN/ONAF, 200 kV BIL transformer, 9% impedance to replace the existing 7/8.75 MVA transformer

**C. CONNECTING TRANSMISSION OWNER’S INTERCONNECTION FACILITIES**

1. **Connecting Transmission Owner’s Interconnection Facilities**

As depicted in Attachment 3, the Connecting Transmission Owner’s Interconnection Facilities consist of the following:

* The Hartfield-South Dow Line #859 tap, including a 34.5 kV load break switch;
* The tap at the GSU Transformer Station;
* Two (2) high-accuracy-extended-range Kuhlman CXM 200 Current Transformers (“CTs”) and two (2) Kuhlman POF 200 Potential Transformers (“PTs”);
* One (1) Revenue Meter;
* One (1) RTU; and
* 34.5 kV Sub-Transmission generator lead line approximately 4.7 miles in length.

No new Connecting Transmission Owner Interconnection Facilities are required for the New Facility.

**D. SCOPE OF WORK AND RESPONSIBILITIES**

1. **Interconnection Customer’s Scope of Work and Responsibilities**
	* 1. Existing Facility:

The Interconnection Customer will design and construct the GSU Transformer Station, the Chautauqua Line and the Interconnection Customer Interconnection Facilities, in accordance with the Facilities Study Report dated March 5, 2009, and to the extent not inconsistent with the terms of this Agreement and the NYISO OATT, in accordance with (1) the applicable requirements of the Connecting Transmission Owner, as set out in National Grid Electric System Bulletin 756, and (2) the Connecting Transmission Owner’s project specific electrical requirements, as documented in the project’s Specification for Electrical Installation dated March 5, 2009 and as such specifications may be amended or superseded during final design under this Interconnection Agreement.

The Interconnection Customer has elected to design and construct the Chautauqua Line that will run from the receiving structure at the GSU Transformer Station to the POI on the Hartfield-South Dow Line #859. Line design must be completed by a Connecting Transmission Owner approved New York State licensed design professional and submitted to the Connecting Transmission Owner for review and approval. Construction of the line must be completed by a Connecting Transmission Owner approved contractor. Design and construction shall be in accordance with the National Grid Electric System Bulletin 756: Requirements for Parallel Generation Connected to National Grid Owned EPS (“ESB 756”), the latest edition of applicable ANSI and IEEE Standards, the “National Electrical Safety Code,” and good engineering practice.

The Interconnection Customer is responsible for: (i) obtaining all permits and easements associated with the Chautauqua Line construction, and (ii) completing all clearing required. The Interconnection Customer will transfer ownership of the Chautauqua Line to the Connecting Transmission Owner upon completion and commissioning for $1.00 (one dollar).

The Interconnection Customer will complete the line tap at GSU Transformer Station, as part of the line construction.

The Interconnection Customer will provide and install the two (2) high-accuracy-extended-range Kuhlman (CXM 200) CTs and two (2) Kuhlman (POF 200) PTs on the 34.5 kV side and the metering socket.

The Interconnection Customer will mount the RTU, and wire AC & DC to it.

* + 1. New Generating Facilities:

 The Interconnection Customer will design and construct the New Generating Facilities and the Interconnection Customer Interconnection Facilities in accordance with the applicable requirements of the Transmission Owner, and consistent with the terms of this Agreement or the NYISO OATT.

1. **Connecting Transmission Owner’s Scope of Work and Responsibilities**
2. Existing Facility:

The Connecting Transmission Owner will design and construct the line tap at the Point of Interconnection to the Hartfield-South Dow Line #859.

The Connecting Transmission Owner will provide, install, test and commission the revenue metering in the Interconnection Customer’s GSU Transformer Station.

The Connecting Transmission Owner will wire in the Meter RS-485 communication loop to the RTU, make final termination of the Telco circuit into the Communication Gateway, and test and commission the RTU.

1. New Facility:

The Connecting Transmission Owner will conduct an engineering and field review of proposed changes to the Interconnection Customer’s Interconnection Facilities to verify compliance with relevant provisions of the Connecting Transmission Owner’s Electric System Bulletin 756.

# **E. COST ESTIMATE OF CONNECTING TRANSMISSION OWNER INTERCONNECTION FACILITIES AND METERING EQUIPMENT**

| **Description** | **Estimated Cost** |
| --- | --- |
| Existing Facility: Engineering Review and compliance verification of the GSU Transformer Station, including all required drawing and equipment spec reviews, relay settings, construction and testing assistance by engineers. | $62,500 |
| Existing Facility: Meter and test labor and materials for the metering installation in the Interconnection Customer’s facilities. | $40,000 |
| Existing Facility: Engineering, design, survey, materials, construction and testing of the Chautauqua 34.5 kV Line | $3,200,000 |
| Existing Facility: EMS-RTU equipment, assembly, test, and commissioning for the Interconnection Customer’s facilities (including telecom coordination of required phone circuit) | $70,000 |
| Existing Facility: Chautauqua Line Construction Supervision | $50,000 |
| Existing Facility: Project Management & Coordination | $75,000 |
| Existing Facility: Contingency | $349,750 |
| New Facility: Engineering/field review and compliance verification of proposed changes to the Interconnection Customer’s Interconnection Facilities.  | **$15,000** |
| **TOTAL** | **$3,862,250** |

# **F. O&M EXPENSES FOR INTERCONNECTION FACILITIES**

In accordance with Article 4.1 of this SGIA, the 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’s Interconnection Facilities.

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

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

 The 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’s Interconnection Facilities and the Annual Transmission Ongoing Charge Factor, for the term of this Interconnection Agreement.

All payments due to be made by the Interconnection Customer shall be made within thirty (30) days after receiving an invoice from the Connecting Transmission Owner.

The Project’s Gross Connecting Transmission Owner’s Interconnection Facilities Plant Investment cost shall be established in writing by the 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 Company’s most recent 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)(c) in O&M Attachment 1.

**2.** **Option 2: Annual Actual O&M Expenses**

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

All payments due to be made by the Interconnection Customer shall be made within thirty (30) days after receiving an invoice from the Connecting Transmission Owner, which invoice shall be issued after the end of each quarter for the most recent quarter.

**3.** **Selection by Interconnection Customer**

The Interconnection Customer shall select which option for paying such O&M Expenses by providing written notice to the Connecting Transmission Owner within thirty (30) days after the Gross Connecting Transmission Owner’s Interconnection Facilities Plant Investment cost and the most recent Annual Transmission Ongoing Charge Factor have been provided to the Interconnection Customer. If the Interconnection Customer fails to provide timely notice to the Connecting Transmission Owner of the option selected, the Interconnection Customer will be deemed to have selected Option 2: Annual Actual.

**O&M ATTACHMENT 1**

 Capitalized terms used in this calculation will have the following definitions:

**Allocation Factors**

###### 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.

###### 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.

###### Transmission Wages and Salaries Allocation Factor shall equal the ratio of Connecting Transmission Owner 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**

######  Administrative and General Expense shall equal electric expenses as recorded in FERC Account Nos. 920-935.

######  Amortization of Investment Tax Credits shall equal electric credits as recorded in FERC Account No. 411.4.

######  Distribution Plant in Service shall equal the gross plant balance as recorded in FERC Account Nos. 360 – 374.

######  Electric Common Plant shall equal the balance of Common Plant recorded in FERC Account Nos. 389-399 multiplied by the General Plant Allocation Factor.

######  General Plant shall equal electric gross general plant balance recorded in FERC Account Nos. 389-399.

######  Materials and Supplies shall equal electric materials and supplies balance as recorded in FERC Account No. 154.

######  Payroll Taxes shall equal those electric payroll tax expenses as recorded in FERC Account Nos. 408.100, 408.110 and 408.130.

######  Prepayments shall equal electric prepayment balance as recorded in FERC Account No. 165.

######  Real Estate Tax Expenses shall equal electric transmission-related real estate tax expense as recorded in FERC Account No. 408.140 and 408.180.

###### Transmission Operation and Maintenance Expense shall equal electric expenses as recorded in FERC Account Nos. 560, 562-573.

######  Transmission Plant in Service shall equal the gross plant balance as recorded in FERC Account Nos. 350-359.

######  Transmission Revenue Credits shall equal the revenue reported in Account 456

######  Transmission Related Bad Debt Expense shall equal Bad Debt Expense as reported in Account 904 related to transmission billing.

######  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 Components 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.

(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;

(iii) the return on equity component, shall be the product of the allowed ROE of 11.9% plus a 50 basis point adder (per FERC Order 697 and 697A) 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.

**Attachment 3**

**One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades**

(See Following Page.)

**Attachment 4**

**Milestones**

In-Service Date: March 2010 (Existing Facility); June 2011 (New Facility)

Critical milestones and responsibility as agreed to by the Parties:

|  | **MILESTONE** | **DATE** | **RESPONSIBLE PARTY** |
| --- | --- | --- | --- |
| 1 | Existing Facility: Submit final design and equipment specs for the Interconnection Customer Interconnection Facilities (“ICIFs”) to Connecting Transmission Owner  | Completed | Interconnection Customer |
| 2 | Existing Facility: Provide security pursuant to Section 6.3 of the IA | Completed | Interconnection Customer |
| 3 | Existing Facility: Start engineering and procurement for line taps and System Upgrade Facilities (“SUFs”) and Connecting Transmission Owner Interconnection Facilities (“CTOIFs”). | Completed | Connecting Transmission Owner |
| 4 | Existing Facility: Provide Connecting Transmission Owner the easement for the line tap | Completed | Interconnection Customer |
| 5 | Existing Facility: Submit initial line design | Completed | Interconnection Customer |
| 6 | Existing Facility: Complete review of, and issue comments on, final design and equipment specs for ICIFs | Completed | Connecting Transmission Owner |
| 7 | Existing Facility: Start construction of ICIFs  | Completed | Interconnection Customer |
| 8 | Existing Facility: Complete review and issue comments on initial line design | Completed | Connecting Transmission Owner |
| 9 | Existing Facility: Submit relay coordination study, ground grid design calcs, corrected final design, and final site and plot plans for ICIFs to Connecting Transmission Owner | Completed | Interconnection Customer |
| 10 | Existing Facility: Submit construction line design (transmission and distribution) and associated easements, surveying data, permits and licenses | Completed  | Interconnection Customer |
| 11 | Existing Facility: Complete review of, and provide comments on, relay coordination study, ground grid design calcs, corrected ICIFs final design and final site and plot plans | Completed | Connecting Transmission Owner |
| 12 | Existing Facility: Complete review and provide comments on the final line design, and all associated documents and data | Completed  | Connecting Transmission Owner |
| 13 | Existing Facility: Complete engineering and procurement of CTOIFs and SUFs | Completed | Connecting Transmission Owner |
| 14 | Existing Facility: Complete construction of ICIFs | Completed | Interconnection Customer |
| 15 | Existing Facility: Issue final PE stamped line construction package for Connecting Transmission Owner approval | Completed | Interconnection Customer |
| 16 | Existing Facility: Start construction of line tap SUFs | Completed | Connecting Transmission Owner |
| 17 | Existing Facility: Start SUFs at Hartfield and South Dow stations | Completed | Connecting Transmission Owner |
| 18 | Existing Facility: Start installation of RTU and metering (CTOIFs) | Completed | Connecting Transmission Owner |
| 19 | Existing Facility: Complete installation of RTU and metering (CTOIFs) | Completed | Connecting Transmission Owner |
| 20 | Existing Facility: Complete construction of SUFs at Hartfield and South Dow Stations | Completed | Connecting Transmission Owner |
| 21 | Existing Facility: Submit energization sequence and 6 week advance notice of functional test. | Completed | Interconnection Customer |
| 22 | Existing Facility: Submit all final easements | Completed | Interconnection Customer |
| 23 | Existing Facility: Review and acceptance of all final easements | Completed | Connecting Transmission Owner |
| 24 | Existing Facility: Complete construction of line (CTOIFs) | Completed | Interconnection Customer |
| 25 | Existing Facility: Complete all inspections and submit as builts of line dwgs, and all other documentation required for ownership transfer (including punch list) | Completed | Interconnection Customer |
| 26 | Existing Facility: Complete all functional tests and verifications (ICIFS, SUFS, CTOIFs,) | Completed | Interconnection Customer/Connecting Transmission Owner |
| 27 | Existing Facility: Transfer of ownership of line | Completed | Interconnection Customer/Connecting Transmission Owner |
| 28 | Existing Facility: In Service (Interconnection Customer receives back feed power) | Completed | Interconnection Customer/Connecting Transmission Owner |
| 29 | Existing Facility: Issue written authorization for synchronization | Completed | NYISO |
| 30 | Existing Facility: Initial Synchronization | Completed | ALL |
| 31 | Existing Facility: Small Generation Facility testing | Completed | Interconnection Customer |
| 32 | Existing Facility: Commercial Operation Date | Completed | ALL |
| 33 | Existing Facility: Submit ICIF As Builts  | Completed | Interconnection Customer |
| 34 | Existing Facility: Complete close-out | Completed | Interconnection Customer/Connecting Transmission Owner |
| 35 | New Facility: Completion of engineering/field review and compliance verification of proposed changes to the ICIFs | June, 2011 | Interconnection Customer/Connecting Transmission Owner |
| 36 | New Facility: Commissioning/testing | June, 2011 | ALL |
| 36 | New Facility: Initial Synchronization Date | June, 2011 | ALL |
| 37 | New Facility: Commercial Operation Date | June, 2011 | ALL |

**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.

 The Interconnection Customer must comply with all applicable NYISO tariffs and procedures, as amended from time to time. The Interconnection Customer must also comply with the Connecting Transmission Owner’s operating instructions and requirements as referenced in Sections 1.5 and 1.6 of this SGIA, which requirements shall include equipment outages and control arrangements, tagging agreements and procedures, maintenance arrangements and responsibilities, company contacts and phone numbers and supervisory equipment.

 The Interconnection Customer must comply with relevant provisions of the Connecting Transmission Owner’s Electric System Bulletin 756, including appendices, as amended from time to time, to the extent not inconsistent with the terms of this Agreement or the NYISO OATT.

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

There are no Connecting Transmission Owner Upgrades for the New Facility.

1. **DISTRIBUTION UPGRADES**
2. **Distribution Upgrades for the Existing Facility**

Segments of the existing distribution circuit will have to be relocated to the new pole line for the Chautauqua Line. The full extent of the distribution relocation and underbuild required as a result of the Chautauqua Line construction will not be known until such time as the Interconnection Customer has obtained all easements and the full line design for the Chautauqua Line is completed (Milestone No. 10 in Attachment 4).

1. **Distribution Upgrades for the New Facility**

None. There are no Distribution Upgrades for the New Facility.

# **SYSTEM UPGRADE FACILITIES**

# **System Upgrade Facilities for the Existing Facility**

### Hartfield-South Dow Line #859 Sectionalizing Switches

To provide for sectionalizing in the event of maintenance or emergency operations of the line, the Connecting Transmission Owner will design and install two (2) 34.5 kV, 1200 A, 61 kA, 200 kV BIL load break switches; one on each side of the tap to the Hartfield-South Dow Line #859.

1. Hartfield Substation

The Connecting Transmission Owner will add three (3) line PTs and one (1) GE IJS relay to add synch check supervision of the Hartfield-South Dow Line #859 reclosing.

 c. South Dow Substation

The Connecting Transmission Owner will add one (1) GE IJS relay to add synch check supervision of the Hartfield-South Dow Line #859 reclosing.

1. **System Upgrade Facilities for the New Facility**

None. There are no Connecting System Upgrade Facilities for the New Facility.

# **C. SCOPE OF WORK AND RESPONSIBILITIES**

1. **Scope of Work and Responsibilities for the Existing Facility**

In conjunction with the Chautauqua Line, the Connecting Transmission Owner will design and construct the distribution underbuild, where it is necessary to relocate and underbuild the existing distribution circuit to accommodate the Chautauqua Line.

The Connecting Transmission Owner will design and construct the installation of the sectionalizing switches on the Hartfield-South Dow Line #859 and complete all work associated with the Hartfield Substation and the South Dow Substation.

1. **Scope of Work and Responsibilities for the New Facility**

None. There are no System Upgrade Facilities for the New Facility.

**D. COST ESTIMATES RELATED TO DISTRIBUTION UPGRADES AND SYSTEM UPGRADE FACILITIES FOR THE EXISTING FACILITY**

|  |  |
| --- | --- |
| **Description** | **Estimated Cost** |
| Engineering, design and construction of the tap connection to the Hartfield-South Dow Line #859; Including the load break switches. | $200,000 |
| Engineering, design, survey, material, construction and testing for relocating distribution line | $700,000 |
| Engineering review and compliance verification of the Chautauqua Line and distribution under build design. | $100,000 |
| Engineering, design and installation of relay and controls modifications at Hartfield & South Dow Substation | $187,000 |
| Project Management & Coordination | $75,000 |
| Contingency | $126,200 |
| **TOTAL** | **$1,388,200** |

# **E. OTHER REQUIREMENTS**

The Existing Facility has an existing Capacity Resource Interconnection Service value of 6.4 MW. The Interconnection Customer did not elect to have the New Facility evaluated for Deliverability in the Class Year Facility Study process. Therefore, the New Facility’s additional 3.2 MWs are only eligible for Energy Resource Interconnection Service and the Small Generating Facility’s Capacity Resource Interconnection Service value will continue to be limited to 6.4 MW.

**Attachment 7**

**Insurance Coverage**

The Interconnection Customer shall, at its own expense, maintain in force throughout the period of this SGIA, 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.

FERC rendition of the electronically filed tariff records in Docket No. [include if docket no. exists]

Filing Data:

CID: C000038

Filing Title: National Grid and General Mills Operations, LLC Interconnection Agreement 337 Company Filing Identifier: 971

Type of Filing Code: 10

Associated Filing Identifier: [if applicable]
Tariff Title: NYISO Agreements
Tariff ID: 58

Payment Confirmation: N
Suspension Motion:

Tariff Record Data:

Record Content Description: Service Agreement No. 337

Tariff Record Title: NiMo and General Mills Interconnection Agreement 337 Record Version Number: 0.0.0

Option Code: A

Tariff Record ID: 162

Tariff Record Collation Value: 5050900

Tariff Record Parent Identifier: 2

Proposed Date: 2015-04-01

Priority Order: 500

Record Change Type: New

Record Content Type: 2

Associated Filing Identifier: [Source - if applicable]

Revised Service Agreement No. 337

AN

AMENDED INTERCONNECTION AGREEMENT

BETWEEN

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

GENERAL MILLS OPERATIONS, LLC

EXECUTION COPY

This AMENDED INTERCONNECTION AGREEMENT (the "Agreement") is made as
of April 1, 2015 (the “EFFECTIVE DATE”), by and between Niagara Mohawk Power
Corporation d/b/a National Grid, a corporation organized and existing under the laws of the
state of New York ("Niagara Mohawk"), and General Mills Operations, LLC, a corporation
organized and existing under the laws of the State of Delaware ("Producer"). (Collectively,
Producer and Niagara Mohawk may be referred to as the "Parties" or "Party's", or individually,
as a "Party.")

WHEREAS, Producer currently owns a power production facility (the "Production

Facility") and a manufacturing plant (the “Manufacturing Plant”) located in the City of

Buffalo, County of Erie, New York;

WHEREAS, Producer and Niagara Mohawk are parties to that certain Interconnection Agreement dated October 5, 2004, filed with the Federal Energy Regulatory Commission on October 15, 2004 in Docket No. ER05-57-000 (the “2004 Agreement” shall be referred to herein as the “Original Agreement”;

WHEREAS, Producer and Niagara Mohawk desire to amend the Original Agreement to continue to provide for the interconnection of the Production Facility to the Electrical System, as defined below, under the terms and conditions set forth herein;

WHEREAS, Producer's ability to deliver Electricity, as defined below, to Niagara
Mohawk from the Production Facility requires the Production Facility to remain
interconnected to the Electrical System through the Interconnection Facility, as defined below;
and

WHEREAS, Producer currently has a Unique Configuration, as defined below, since the Production Facility and Manufacturing Plant are interconnected to the Electrical System through the same Interconnection Facility.

NOW THEREFORE, in consideration of the mutual representations, covenants and agreements set forth herein, the Parties to this Agreement agree as follows:

ARTICLE I

DEFINITIONS

The following terms, when used herein with initial capitalization, shall have the meanings specified in this section.

1.1 "Agreement" shall mean this Interconnection Agreement between Niagara Mohawk and

Producer, including all exhibits hereto, as the same may be amended, supplemented, revised, altered, changed, or restated in accordance with its terms.

2

1.2 "Bulletin No. 756" means that certain internal National Grid document dated September

2014, titled "Supplement to Specifications for Electrical Installations; Parallel Generation Requirements" and designated Electric System Bulletin No. 756 and its Appendix A, as amended or superseded.

1.3 "Commercially Reasonable Efforts" means efforts which are designed to enable a Party,

directly or indirectly, to satisfy expeditiously a condition to, or otherwise assist in the consummation of, the actions contemplated by this Agreement and which do not require the performing Party to expend any funds or assume liabilities other than expenditures and liabilities which are customary and reasonable in nature and amount in the context of the actions contemplated by this Agreement.

1.4 "Confidential Information" means any plan, specification, pattern, procedure, design,

device, list, concept, policy or compilation relating to the present or planned business of a
Party which has not been released publicly by its authorized representatives and which
has been designated as "Confidential" by the Party asserting a claim of confidentiality,
whether such Confidential Information is conveyed orally, electronically, in writing,
through inspection, or otherwise. Confidential Information as used herein also includes
Confidential Information supplied by any Party to another Party prior to the execution of
this Agreement, and such Confidential Information shall be considered in the same
manner and be subject to the same treatment as the Confidential Information made
available after the execution of this Agreement. Confidential Information shall also
include Confidential Information observed by any Party while visiting the premises of
another Party.

1.5 "Delivery Point" is the point at which the Interconnection Facility is connected to the

Electrical System for delivery of Electricity from the Production Facility to Niagara Mohawk as indicated on Exhibit A.

1.6 "Electrical System" means the properties, structures, facilities, equipment, devices, and

apparatus wholly or partly owned or leased by, or under contract to, or under the control of Niagara Mohawk or its Affiliates, other than the Interconnection Facility, which are necessary to interconnect the Production Facility to the transmission system, or are necessary for purposes of providing transmission and Retail Tariff services, including services under the NYISO Tariff.

1.7 "Electricity" shall mean electric capacity as measured in MW or kW, energy as measured

in MWh or kWh, and/or ancillary services.

1.8 "Emergency Condition" shall mean a condition or situation which is deemed imminently

likely to (i) endanger life, property, or public health; or (ii) adversely affect or impair the
Transmission System, the Production Facility, or the electrical or transmission systems of
others to which Niagara Mohawks electrical systems are directly or indirectly connected.

3

1.9 "FERC" shall mean the United States of America's Federal Energy Regulatory

Commission or any successor organization.

1.10 "Good Utility Practice" means any of the practices, methods and acts engaged in or

approved by a significant portion of the electric utility industry during the relevant time
period, or any of the practices, methods and acts which, in the exercise of reasonable
judgment in light of the facts known at the time the decision was made, could have been
expected to accomplish the desired result at a reasonable cost consistent with good
business practices, reliability, safety and expedition. Good Utility Practice is not
intended to be limited to the optimum practice, method, or act, to the exclusion of all
others, but rather to be acceptable practices, methods, or acts generally accepted in the
region in which the Production Facility is located. Good Utility Practice shall include,
but not be limited to, NERC (defined below) criteria, rules, guidelines and standards,
NPCC (defined below) criteria, rules, guidelines and standards, New York State
Reliability Council (defined below) criteria, rules, guidelines and standards, and NYISO
(defined below) criteria, rules, guidelines and standards, where applicable, as they may be
amended from time to time including the rules, guidelines and criteria of any successor
organization to the foregoing entities. When applied to the Producer, the term Good
Utility Practice shall also include standards applicable to a utility generator connecting to
the distribution or transmission facilities or system of another utility.

1.11 "Hazardous Substance(s)" shall mean those substances, materials, products or wastes

which are classified as hazardous or toxic under any applicable federal, state or local law,
or any regulations promulgated thereunder, effective as of the date of execution of this
Agreement, and the presence of which requires remediation, removal or cleanup under
this Agreement

1.12 "Interconnection Facility" is the jaw side of Producer's disconnect switch 262 and 272

and such facilities located between the Interconnection Point and the Delivery Point necessary to effect the transfer of Electricity produced at the Production Facility to the Electrical System, as such facilities are identified in more particularity in Exhibit A to this Agreement, and shall include any Modifications, replacements or upgrades made to the interconnection facility.

1.13 "Interconnection Point" shall mean the point at which the Production Facility is

connected to the Interconnection Facility, as indicated on Exhibit A.

1.14 "Interconnection Study" shall mean the July 29, 2004 study issued by Niagara Mohawk

to assess the operating status of the Production Facility and interconnection to the adjacent Electrical System. The July 29, 2004 Interconnection Study is attached hereto as Exhibit B.

1.15 "Manufacturing Plant" shall mean the manufacturing plant owned and operated by

Producer located at 54 South Michigan Ave., Buffalo, New York as indicated on the one

4

line diagram included as Exhibit A.

1.16 "Modification" means any new, significant construction, new facilities, additions,

reinforcements, alterations, improvements, appurtenances, replacements or upgrades or changes in the operations of the Production Facility or changes in the technology employed at the Production Facility after the execution of this Agreement which have a demonstrated operational or material impact to the Interconnection Facility, or Electrical System in accordance with Good Utility Practice.

1.17 "NERC" shall mean the North American Electric Reliability Council or any successor

organization.

1.18 “New York Control Area" shall have the same meaning as in the Independent System

Operator Agreement establishing the New York ISO (as defined below).

1.19 "Niagara Mohawk" shall mean Niagara Mohawk Power Corporation d/b/a National Grid

and its successors and permitted assigns.

1.20 "Niagara Mohawk Properties" shall mean those parcels of and/or interest in real property

that Niagara Mohawk uses for its electrical facilities upon which portions of the Interconnection Facility exist.

1.21 "NPCC" shall mean the Northeast Power Coordinating Council (a reliability council

under Section 202 of the Federal Power Act) or any successor organization.

1.22 "NYISO OATT" shall mean the FERC-approved Open Access Transmission Tariff for

the NYISO and/or the FERC-approved Service Tariff for the NYISO, as applicable, and

as it may be amended from time to time.

1.23 "NYPSC" means the New York Public Service Commission or any successor thereto.

1.24 "NYSRC" shall mean the New York State Reliability Council or any successor

organization.

1.25 "Producer" shall mean General Mills Operations, LLC and its successors and permitted

assigns.

1.26 "Production Facility" shall mean Producer's electricity production facility with a

maximum net Winter rating of 4.0 MW and with a maximum net Summer rating of 3.3
MW located in the City of Buffalo, County of Erie, New York, to be owned, operated and
maintained by Producer including the substation and transformer and all other generating,
transformation and interconnection equipment on Producer's side of the Interconnection
Point.

1.27 "Retail Delivery Point" means the point at which the Manufacturing Plant receives

5

delivery of retail services from Niagara Mohawk in accordance with the Retail Tariff as indicated on the one-line diagram included as Exhibit A. For purposes herein, the Retail Delivery Point and Delivery Point are the same point.

1.28 "Retail Tariff' means Niagara Mohawk's Retail Tariff, New York Public Service

Commission ("NYPSC") No. 220 — Electricity as approved by the NYPSC and all subsequent revisions, as it may be amended from time to time.

1.29 "Unique Configuration" means the existing relationship of the Parties, consisting of the

following: (a) the Retail Delivery Point and Delivery Point are physically connected to
the Electrical System at the same point; (b) Niagara Mohawk provides retail services
through the same facilities as indicated on Exhibit A; and (c) the Manufacturing Plant and
Production Facility are currently under common ownership (i.e., Producer); and (d) the
connection of the Manufacturing Plant to Niagara Mohawk's Electrical System is
governed under the Retail Tariff. The Unique Configuration shall continue as long as
these factors are in place.

1.30 "Upgrades" shall mean the upgrades and additions to Niagara Mohawk's Transmission

System and distribution facilities to be constructed and installed as identified in the Interconnection Study and pursuant to this Agreement, and identified in more particularity in Exhibit B to this Agreement.

ARTICLE II

AGREEMENT TO INTERCONNECT

DESCRIPTION OF INTERCONNECTION FACILITY

2.1 The Parties agree to maintain the interconnection of the Production Facility and

Manufacturing Plant to the Electrical System in accordance with the Interconnection Study, Exhibit A and the terms of this Agreement.

2.2 The Production Facility shall include all facilities and equipment up to the

Interconnection Point as indicated on Exhibit A. Producer agrees that the installation of the electrical equipment and the operation of the Production Facility must meet or exceed the standards of Good Utility Practice, all requirements of Bulletin No. 756 and the NYISO; provided, however, that in the event of a conflict between the requirements, rules and regulations of the NYISO and the requirements of Bulletin No. 756, the requirements, rules and regulations of the NYISO shall govern..

2.3 Producer recognizes that nothing in this Agreement or Producer's financial support of the

Interconnection Facility confers upon Producer any right to transmit electricity over the
Electrical System, which right may be addressed in separate agreements between the
Parties.

2.4 Niagara Mohawk shall use Good Utility Practice to own, operate and maintain the

6

Interconnection Facility. Niagara Mohawk does not, however, guarantee or warrant uninterrupted availability of the Interconnection Facility or the Electrical System. Any curtailment of deliveries over the Interconnection Facility or the Electrical System shall be governed by the terms and conditions of the NYISO OATT, or any other tariffs, approved by a regulatory body having jurisdiction.

2.5 Niagara Mohawk, in accordance with the rates, terms and conditions of the Retail Tariff,

shall provide Producer with retail service at the Retail Delivery Point, including, as applicable, the resale and/or delivery of Producer's allocations of the New York Power Authority’s (“NYPA”) power pursuant to applicable contracts and tariffs. NYPA is the statewide power authority chartered by the New York State legislature and owner of a significant portion of New York's generation and bulk transmission assets.

2.6 Without limiting its rights hereunder, Niagara Mohawk reserves the right to operate the

first means of disconnect on Producer's side of the Interconnection Point. Niagara
Mohawk shall exercise such right of disconnect (a) in accordance with Bulletin No. 756,

(b) in the event of an Emergency Condition, (c) after giving Producer reasonable notice under the circumstances, (d) in a non-discriminatory manner, and (e) in accordance with Good Utility Practice.

2.7 If Producer relies on Niagara Mohawk's system protection equipment and practices for

protection of the Production Facility or if Producer relies on any other of Niagara Mohawk's equipment for support of its operations, Producer agrees to release, indemnify, defend, and save harmless Niagara Mohawk, its agents and employees, against any and all claims, judgments, cost, liability, damage, injury, penalties, judgments, fines (civil or criminal), or other costs arising from any damage or loss to the Production Facility as a result of such reliance, whether the loss, damage or injury result to or be sustained by Producer or any other persons, firms or corporations.

2.8 This Agreement does not waive, alter or impair the rights or obligations of any party

under any other agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF PARTIES

3.1 Producer is a Corporation duly organized and validly existing under the laws of the State

of Delaware. Producer is qualified to do business under the laws of the State of New York, is in good standing under the laws of the State of New York, has the power and authority to own its properties, to carry on its business as now being conducted, and to enter into this Agreement and the transactions contemplated herein and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement, and is duly authorized to execute and deliver this Agreement and consummate the transactions contemplated herein.

3.2 Niagara Mohawk is a corporation duly organized, validly existing and qualified to do

7

business under the laws of the State of New York, is in good standing under its certificate of incorporation and the laws of the State of New York, has the corporate authority to own its properties, to carry on its business as now being conducted, and to enter into this Agreement and the transactions contemplated herein and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement, and is duly authorized to execute and deliver this Agreement and consummate the transactions contemplated herein.

3.3 Producer and Niagara Mohawk each represent that: (a) it is not prohibited from entering

into this Agreement and discharging and performing all covenants and obligations on its
part to be performed under and pursuant to this Agreement; (b) upon the acceptance of
the terms of this Agreement by FERC, the execution and delivery of this Agreement, the
consummation of the transactions contemplated herein including the fulfillment of and
compliance with the provisions of this Agreement will not conflict with or constitute a
breach of or a default under any of the terms, conditions or provisions of any law, rule or
regulation, any order, judgment, writ, injunction, decree, determination, award or other
instrument or legal requirement of any court or other agency of government, or any
contractual limitation, corporate restriction or outstanding trust indenture, deed of trust,
mortgage, loan agreement, lease, other evidence of indebtedness or any other agreement
or instrument to which it is a party or by which it or any of its property is bound and will
not result in a breach of or a default under any of the foregoing; and (c) unless this
Agreement is materially modified by any court or appropriate regulatory authority having
jurisdiction and subsequently terminated, this Agreement shall be a legal, valid and
binding obligation enforceable in accordance with its terms, except as limited by any
subsequent order of any court or appropriate regulatory authority having jurisdiction, or
by any applicable reorganization, insolvency, liquidation, readjustment of debt,
moratorium, or other similar laws affecting the enforcement of rights of creditors
generally as such laws may be applied in the event of a reorganization, insolvency,
liquidation, readjustment of debt or other similar proceeding of or moratorium applicable
to the Party and by general principles of equity (regardless of whether such enforceability
is considered in a proceeding in equity or at law.)

ARTICLE IV

INTERCONNECTION STUDY

4.1 INTERCONNECTION STUDY

4.1.1 Niagara Mohawk has conducted an Interconnection Study and furnished a
 complete report dated July 29, 2004, attached hereto as Exhibit B, under a
 separate Support Services Agreement. Producer agrees to reimburse Niagara
 Mohawk for the costs of any and all repairs or upgrades Niagara Mohawk must
 make to the Interconnection Facility, as outlined in the Report. Niagara Mohawk
 agrees that when such repairs or upgrades of the Interconnection Facility are
 completed, as may be required by the Report, the Interconnection Facility will be

8

in general compliance with Electrical System Bulletin No. 756, as may be updated
from time to time. Producer agrees to comply with the Interconnection Study.

4.1.2 Producer has paid all actual costs required to conduct the Interconnection Study
 attached hereto as Exhibit B.

4.1.3 Producer shall pay for any new interconnection study that, pursuant to Good
 Utility Practice, may be required over time to determine the necessity of
 Modifications to the Production Facility.

4.2 NIAGARA MOHAWK DESIGN, ENGINEERING AND CONSTRUCTION

ACTIVITIES

4.2.1 At Producer's request and expense, Niagara Mohawk agrees to design, engineer,

and construct any modifications to the Interconnection Facility and Upgrades to the extent necessary to comply with (a) Interconnection Study, (b) Good Utility Practice and (c) Niagara Mohawk's standards.

4.2.2 At Producer's request and expense, Niagara Mohawk agrees to procure any and all

equipment necessary for Niagara Mohawk to construct any modifications to the
Interconnection Facility and Upgrades in accordance with the Interconnection
Study.

4.2.3 All design, engineering, procurement, and construction activities performed by

Niagara Mohawk or a third party selected by Niagara Mohawk shall be performed
in accordance with a schedule and an estimated budget mutually agreed to by the
Parties in advance of the commencement of such activities. Niagara Mohawk
agrees to inform Producer on the first business day of each month and at such
other times as Producer reasonably requests of the status of all design,
engineering, procurement, and construction activities performed by Niagara
Mohawk or a third party selected by Niagara Mohawk, including, but not limited
to, the following information: progress to date; a description of upcoming
scheduled activities and events; the delivery status of all ordered equipment; a
revised budget and cost report; and the identification of any event which Niagara
Mohawk reasonably expects may delay construction of the Upgrades or the
Interconnection Facility.

4.2.4 No design, engineering, procurement, or construction activities shall be

undertaken by Niagara Mohawk prior to Producer's receipt of the Interconnection
Study and until such time as Producer issues a written notice to proceed with such
activities and a money deposit received by Niagara Mohawk for services to be
rendered.

4.2.5 Producer reserves the right, upon thirty (30) days prior written notice to Niagara

Mohawk, to suspend at any time all work by Niagara Mohawk associated with the

9

design, engineering, procurement, construction of the Upgrades or with any design, engineering, and construction activities relating to the Interconnection Facility. Producer acknowledges and agrees to reimburse Niagara Mohawk for all costs incurred by Niagara Mohawk that cannot, in the exercise of commerciallyreasonable business practices, be avoided, due to Producer's suspending said work in accordance with Article IX of this Agreement.

4.2.6 Niagara Mohawk shall, at Producer's expense, test the Interconnection Facility
 and Upgrades to ensure their safe and reliable operation in accordance with Good
 Utility Practice and will correct any situations contrary to Good Utility Practice.

4.3. ACCESS RIGHTS

4.3.1 Niagara Mohawk hereby grants to Producer all necessary access, and licenses,

including adequate and continuing rights of access to Niagara Mohawk's property,
as is necessary for Producer to construct additional facilities as may be required,
to operate, maintain, replace, and remove the Production Facility and the
Interconnection Facility, to be present at Niagara Mohawk meter readings, and to
exercise any other of its obligations under this Agreement. Niagara Mohawk
hereby agrees to execute such grants, deeds, licenses, instruments or other
documents as Producer may require to enable it to record such rights of way,
easements, and licenses. To the extent that Producer requires access rights to
Niagara Mohawk property for other reasons, Producer and Niagara Mohawk will
negotiate the terms of such additional access rights as the need arises.

4.3.2 Producer hereby grants to Niagara Mohawk all necessary access, and licenses,

including adequate and continuing rights of access to Producer's property, as is necessary for Niagara Mohawk to construct additional facilities as may be required, to operate, maintain, replace, and remove the Interconnection Facility and to read meters in accordance with the terms of this Agreement and to exercise any other of its obligations under this Agreement. Producer hereby agrees to execute such grants, deeds, licenses, instruments or other documents as Niagara Mohawk may require to enable it to record such rights of way, easements, and licenses. To the extent that Niagara Mohawk requires access rights to Producer property for other reasons, Producer and Niagara Mohawk will negotiate the terms of such additional access rights as the need arises.

ARTICLE V

OPERATION, MAINTENANCE, AND MODIFICATION OF FACILITIES

5.1 OPERATION AND MAINTENANCE OF INTERCONNECTION FACILITY

5.1.1 Niagara Mohawk, at its own expense, shall operate, maintain and repair (repair
 includes, but is not limited to, replacement of existing equipment when required

10

due to failure) the Interconnection Facility in accordance with Good Utility Practice.

5.1.2 Producer, at its own expense, will operate, maintain and repair (repair includes,

but is not limited to, replacement of existing equipment when required due to
failure) the Production Facility in accordance with Good Utility Practice.
Producer will notify Niagara Mohawk of the schedule for scheduled outages of
the Production Facility for the upcoming year in accordance with, as may be
applicable, Bulletin No. 756, Good Utility Practice, NYISO practices, where
applicable, and Niagara Mohawk operating instructions and, upon making any
changes to such schedules thereafter, shall promptly notify Niagara Mohawk of
any such changes.

5.1.2a Producer, at its own expense, will operate, maintain and repair (repair includes,

but is not limited to, replacement of existing equipment when required due to
failure) the Manufacturing Plant. Producer will notify Niagara Mohawk of the
schedule for scheduled plant maintenance or similar planned occasions when the
Manufacturing Plant will not require all or a substantial portion of the Retail
Tariff electricity distribution service from Niagara Mohawk for the upcoming
year in accordance with the Retail Tariff and Niagara Mohawk standard practices,
and upon making any changes to such schedules thereafter, shall notify Niagara
Mohawk of any such changes.

5.1.3 Producer agrees, at the expense of Producer, to confer to coordinate with Niagara

Mohawk, the planning and scheduling of any outages and any changes thereto in a manner that will minimize the effect on the Electrical System, consistent with Good Utility Practice, Bulletin No. 756, the Retail Tariff, NYISO practices, where applicable and Niagara Mohawk Operating Instructions.

5.1.4 The Parties agree to confer regularly to coordinate the planning and scheduling of

preventative and corrective maintenance in a manner that will preserve and maintain the reliability of the Electrical System and the Production Facility. The Parties shall conduct preventative maintenance and corrective maintenance activities on their Facilities at each party's own cost, as scheduled and planned, or as they become necessary, consistent with Good Utility Practice.

5.1.5 If Producer requests that Niagara Mohawk perform maintenance during a time

period other than as scheduled by Niagara Mohawk, Niagara Mohawk will use
Commercially Reasonable Efforts to meet Producer's request as long as meeting
the request would not reasonably be expected, as determined by Niagara
Mohawk, to have an adverse impact upon Niagara Mohawk's operations or the
operations of Niagara Mohawk's customers. Notwithstanding the foregoing,
should Producer request to perform maintenance that Niagara Mohawk in good
faith determines may have an adverse impact on Niagara Mohawk's operations or

11

the operations of Niagara Mohawk's customers, and if such maintenance may be
delayed until after such period, Niagara Mohawk may reject Producer's
scheduling request. Producer shall reimburse Niagara Mohawk for all costs
reasonably incurred by Niagara Mohawk related to satisfying Producer's request.

5.2 MODIFICATION OF THE INTERCONNECTION FACILITY

5.2.1 Niagara Mohawk, at its own expense, shall retain the discretion to determine

whether, when, and in what manner any modifications to the Interconnection Facility are required by Good Utility Practice and, as soon as reasonably practicable, but not less than three (3) months in advance except in the cases of Emergency Conditions, shall advise Producer when it makes such a determination and whether performing the modification, or the modification itself, is expected to interrupt the flow of power over the Interconnection Facility.

5.2.2 If a modification to the Electrical System or Interconnection Facility is required to

support the operations of Producer, Niagara Mohawk shall construct, operate, maintain and repair the modification at Niagara Mohawk's expense unless the modifications are a result of a Producer Modification which requires changes to the Electrical System or Interconnection Facility.

5.2.3 Producer shall give Niagara Mohawk three months advance written notice of any

planned Modifications to the Production Facility.

5.2.3.1 Such notice shall include plans, specifications, information and

operating instructions relating to the impact of planned Modifications on the Electrical System and Interconnection Facility or Niagara Mohawk's electric operations.

5.2.3.2 If Niagara Mohawk determines that such Modification would have

a material adverse effect upon Niagara Mohawk's operations or the
operations of Niagara Mohawk's customers, then Niagara Mohawk
shall so notify the Producer. In the event that Producer elects to
continue with such Modification, Niagara Mohawk shall be
entitled to designate the earliest date upon which the Producer may
begin the Modification, provided however, that Niagara Mohawk
shall not designate a beginning date that is later than nine (9)
months after receipt of the notice mandated by subsection 5.2.3.
The Producer shall be responsible for all costs associated with such
Modification, including any costs incurred by Niagara Mohawk
associated with ensuring that the Electrical System and
Interconnection Facility would be compatible with such
Modification.

12

5.2.3.3 Notwithstanding the foregoing, should Producer propose a

schedule for performing a Modification that Niagara Mohawk in good faith determines may adversely affect Niagara Mohawk's operations or the operations of Niagara Mohawk's customers, Niagara Mohawk may reject such schedule.

5.2.3.4 All such Modifications to the Production Facility, Electrical

System or the Interconnection Facility, and any resulting effects on
the Electrical System shall meet the rules and requirements of
NERC, NPCC, NYSRC, the NRC, and the NYISO or their
respective successors, the standards of Good Utility Practice, the
Retail Tariff and the requirements of Bulletin No. 756; provided,
however, that in the event of a conflict between the rules and
requirements of the NYISO and the requirements of Bulletin No.
756, the rules and requirements of the NYISO shall govern.

5.3 RELOCATION. REARRANGEMENT. ABANDONMENT OR RETIREMENT.

5.3.1 If, during the term of this Agreement, Niagara Mohawk determines that it is
 required by Good Utility Practice to relocate, rearrange, abandon, or retire the
 Electrical System or the Interconnection Facility, Niagara Mohawk shall use good
 faith efforts to give Producer no less than one (1) year advance written notice and
 shall, to the extent consistent with Good Utility Practice, defer such action, to the
 extent reasonably practicable, so that Producer's operation of the Production
 Facility may continue with minimal interruption.

5.3.2 If Niagara Mohawk is required or ordered by governmental authority or the
 NYISO to relocate, rearrange, abandon, or retire the Electrical System or the
 Interconnection Facility, Niagara Mohawk shall promptly give Producer written
 notice of such requirement or order.

5.3.3 Due to the Unique Configuration, Niagara Mohawk shall be responsible for the
 relocation, rearrangement, abandonment, or retirement of the Electrical System or
 the Interconnection Facility unless due to a Modification to the Production
 Facility.

ARTICLE VI

POWER DELIVERIES

6.1 METERING

6.1.1 Niagara Mohawk shall, at Producer's expense, provide, own, and maintain
 compatible revenue quality metering equipment. Such metering equipment shall
 record the delivery of energy, including reactive power, in such a manner so as to
 measure total facility power output and consumption. Producer shall provide

13

suitable space within its facilities for installation of such metering equipment.

6.1.2 Producer, at its own expense, shall provide all necessary communication

equipment and transmission mediums such as telephone lines and any necessary
protection for such communication equipment and related equipment, and shall
furthermore be responsible for all communication required by Niagara Mohawk,
the NYPSC or the NYISO. At Producer's expense, Niagara Mohawk shall
purchase, own and maintain all telemetering equipment located at the Producer's
facilities. Producer shall provide, install and own Niagara Mohawk approved or
specified test switches in the transducer circuits that have been approved or
specified by Niagara Mohawk. Producer shall be responsible for any and all costs
involved in the relocation of communication circuits and transmission mediums
that may be required by Niagara Mohawk, the NYPSC, or the NYISO from time
to time.

6.1.3 All metering equipment installed pursuant to this Agreement and associated with

the Production Facility may be routinely tested by Niagara Mohawk in accordance with Good Utility Practice and applicable Niagara Mohawk, NYPSC and NYISO criteria, rules and standards.

6.1.4 Electricity delivered to the Delivery Point by Producer hereunder shall be

measured by electric watt hour meters of a type approved by the NYPSC. These
metering facilities will be installed, owned, and maintained by Niagara Mohawk
and shall be sealed by Niagara Mohawk, with the seal broken only upon occasions
when the meters are to be inspected, tested or adjusted and representatives of both
Niagara Mohawk and Producer are present. The metering and installation costs
are to be borne by Producer. The meters shall be maintained in accordance with
the rules set forth in 16 NYCRR Part 92, as amended from time to time, and with
Good Utility Practice.

6.1.5 Niagara Mohawk will guarantee the installation of any meter and its accuracy for

a period of one (1) year from the date that meter is installed; provided, however,
that this guarantee does not cover any incidental or consequential damages that
the Producer may suffer as a result of the failure of a meter to which this
guarantee applies. Any repair or replacement required during the initial year will
be at the expense of Niagara Mohawk. In the event that any meter is found to be
inaccurate after the initial year, Niagara Mohawk will repair or replace the same
as soon as possible at the expense of Producer. Each Party shall have the right at
all reasonable times, upon not giving less than ten (10) days notice to the other
Party for the purpose of permitting the other Party to be present at the inspection,
to inspect, and test said meters and, if said meters are found to be defective,
Niagara Mohawk shall adjust, repair or replace the same at the expense of the
Producer, or if within the initial year, by Niagara Mohawk. Any test or inspection
requested by a Party shall be at the expense of that Party.

14

6.1.6 Producer may elect to install its own metering equipment in addition to Niagara

Mohawk metering equipment. Such metering equipment shall meet the
requirements of 16 NYCRR Part 92, as may be amended from time to time.
Should any metering equipment installed by Niagara Mohawk fail to register
during the term of this Agreement, the Parties shall use Producer's metering
equipment, if installed. On any day or days on which neither Party's metering
equipment is in service, the quantity of energy delivered shall be determined in
such manner as the Parties agree. Niagara Mohawk's meter(s) shall be read on a
schedule compatible with Niagara Mohawk's normal meter reading schedule.

6.1.7 In the event Producer desires access to meter information, Producer, at its own

expense, shall be responsible for purchasing and installing software, hardware and/or other technology that may be required to access such meter information. The software, hardware and/or other technology installed for this purpose shall be in compliance with any applicable NYPSC and Niagara Mohawk rules, requirements, or standards.

6.1.8 Producer grants to the employees and agents of Niagara Mohawk the right of

access to Producer's premises at all reasonable times for such purposes of the
reading of meters; inspection of meters, their wiring and related equipment; and
installing, operating, maintaining, disconnecting and removing of any or all of the
property belonging to Niagara Mohawk. If Producer refuses such access to the
meters or other Niagara Mohawk equipment, or if access is obstructed or
hazardous, Niagara Mohawk shall provide notice that Producer shall have five (5)
days in which to permit access, or remove any obstruction or hazard. If, after five

(5) days from the receipt of the notice, Producer does not permit access or remove any obstruction or hazard, it will constitute an event of breach, and Niagara Mohawk may take any action in accordance with this Agreement or the Retail Tariff, including disconnecting the Production Facility from the Transmission System in accordance with Good Utility Practice, after providing reasonable notice. At all times that Niagara Mohawk personnel are on Producer's premises, they shall use commercially reasonable efforts to avoid interfering with operations of the Production Facility and the Manufacturing Plant.

6.2 LOSSES

If the metering equipment and the Delivery Points are not at the same location, the
metering equipment shall record delivery of Electricity in a manner that accounts for
losses occurring between the metering points and the Delivery Points, which shall be
calculated by Niagara Mohawk utilizing the Pennsylvania Transformer, Transformer Test
Report conducted on July 28, 1958. The metering point, the Delivery Points, associated
equipment and distance between the metering point and the Delivery Points shall be as
set forth in Schedule A. If the metering points are changed to another location, losses in
accordance with this section will be recalculated. In addition, Producer will be
responsible for all costs associated with the change in metering points.

15

6.3 REACTIVE POWER SUPPORT

Producer agrees to provide reactive capability to regulate and maintain system voltage at the Delivery Points in conformance with Bulletin No. 756, the Retail Tariff or any applicable NYISO tariff or agreement at no cost to Niagara Mohawk. Producer may seek compensation for reactive power pursuant to the terms of any applicable NYISO tariff or agreement or in any market for reactive power.

6.4 ISLANDING

With reference to Bulletin No. 756, Niagara Mohawk reserves the right to require, allow or prevent the islanding of the Production Facility during Emergency Conditions. This Agreement is not intended to impair or supersede any rights of the NYISO to allow or prevent the islanding of the Production Facility.

6.5 NYISO PENALTIES

Producer shall be solely responsible and liable for any penalties or charges imposed by the NYISO or by other regulatory bodies and payment thereof, for any products derived or failure to provide such products from the Production Facility to the NYISO, or for any failure by Producer to comply with the regulations, rules, or procedures of the NYISO or other regulatory bodies.

ARTICLE VII

INSURANCE PROVISIONS

7.1 Upon execution of this Agreement, each Party agrees to maintain at its own expense

insurance policies issued by reputable insurance companies reasonably acceptable to the other Party which provide insurance coverage which meets or exceeds the following requirements:

7.1.1 Workers Compensation and Employers Liability. Insurance as required by the
 State of New York. If required coverage shall include the U.S. Longshoremen's,
 and Harbor Workers Compensation Act & the Jones Act.

7.1.2 Public Liability (Including Contractual Liability), covering all activities and

operations to be performed by it under this Agreement, with following minimum

limits:

(A) Bodily Injury - $1,000,000/$1,000,000

Property Damage - $1,000,000/$1,000,000
OR

(B) Combined Single Limit - $1,000,000 OR

(C) Bodily Injury and Property Damage per Occurrence - $1,000,000

16

General Aggregate & Product Aggregate - $2,000,000 each

7.1.3 Umbrella or Excess Liability, coverage with a minimum limit of $ 4,000,000.

7.2 Each Party may elect to self-insure any and/or all of the above insurance requirements.

In addition, each Party shall include the other Party as an additional insured for all coverage's except Workers Compensation and Employers Liability Insurance in order to provide the other Party protection from liability arising out of activities of the insured party relating to the Interconnection Facility, the Parties side of the Interconnection Point, and/or the Upgrades as the case may be.

7.3 In the event either Party uses subcontractors in connection with this Agreement, that

Party shall require all subcontractors to provide the same insurance coverage's set forth in paragraphs 7.1.1, 7.1.2 and 7.1.3.

7.4 Upon reasonable request by either Party, the other Party shall promptly provide the

requesting Party with either evidence of insurance or certificates of insurance evidencing
the insurance coverage required under paragraphs 7.1.1, 7.1.2, 7.1.3 and 7.2. The Parties
shall provide such certificates or evidence of insurance to each other at the following
address:

To: Niagara Mohawk Power Corporation d/b/a National Grid
 Attention: Risk & Insurance, Bldg. A-4

300 Erie Boulevard West

Syracuse, NY 13202

To: General Mills Operations, LLC

Attention: John Weddle — Risk Management Number One General Mills Boulevard
Minneapolis, Minnesota 55426

Both Parties shall provide the other with at least thirty (30) days prior written notice in the event of any cancellation or diminution of coverage.

7.5 If either Party fails to secure or maintain any insurance coverage, or any insurance

coverage is canceled before the completion of all services provided under this
Agreement, and either Party fails immediately to procure such insurance as specified
herein (the "Uninsured Party"), then the other Party has the right to procure such
insurance and, at its option, either bill the cost thereof to the Uninsured Party or deduct
the cost thereof from any sum due the Uninsured Party under this Agreement.

7.6 To the extent requested, each Party shall furnish to the other Party copies of any accidents

17

report(s) sent to each Party's insurance carriers covering accidents or incidents occurring
in connection with or as a result of the performance of the work under this Agreement.

7.7 Each Party shall comply with any governmental and/or site specific insurance

requirements even if not stated herein.

7.8 By the date that such coverage is required, each Party represents that it will have full

policy limits available and shall notify the other Party in writing when coverage's required herein have been reduced as a result of claim payments, expenses, or both.

7.9 Nothing contained in these insurance requirements is to be construed as (A) limiting the

extent, if any, to which either Party is responsible for payment of damages, or (B) limiting, diminishing, or waiving the obligation of either Party to indemnify, defend and save harmless the other Party in accordance with this Agreement.

ARTICLE VIII

COMPLIANCE WITH LAWS

8.1 Niagara Mohawk and Producer each agree to comply in all material respects with all

applicable federal, state and local laws, ordinances, rules, regulations, permits, licenses,
approvals, certificates, and requirements thereunder in connection with all its activities
performed pursuant to this Agreement, including, but not limited to all design,
environmental, regulatory, engineering, construction, and property acquisition activities.

8.2 If either Party observes that any requirement specified in this Agreement is at variance

with any governing laws, ordinances, rules, regulations, permits, licenses, approvals,
certificates and requirements thereunder, such Party shall promptly notify the other in
writing before incurring any further liability, expense or obligation. Niagara Mohawk
and Producer shall in good faith attempt to reform this Agreement to comply with the
aforementioned laws, ordinances, rules, regulations, permits, approvals, or certificates.
32If Niagara Mohawk and Producer are unable to do so, either Party may terminate this
Agreement upon not less than sixty (60) days prior written notice to the other Party.

8.3 Environmental Releases. Each Party shall notify the other first verbally, and then in

writing, of the Release of Hazardous Substances as soon as possible but not later than
twenty-four (24) hours after the incident, and shall promptly furnish to the other Party
copies of any reports filed with any governmental agencies addressing such events. If
Hazardous Substances are released or reasonably believed to have been released onto the
other Party's property, the Party releasing or reasonably believed to have released such
hazardous substances, at its own expense, shall conduct, or cause to be conducted,
sampling, soil testing, and any other methods of investigation which would disclose the
presence and extent of contamination by any Hazardous Substance which has been
released onto the other Party's property and shall notify the other Party in writing as soon
as reasonably practicable after learning of the presence of any Hazardous Substance upon
the other Party's property. Each Party shall notify the other Party immediately of any
type of remediation activities. Each Party shall provide the other Party thirty (30) days

18

written notice prior to conducting any asbestos or lead abatement activities, and shall
promptly furnish to the other Party (1) copies of any reports filed with any governmental
or regulatory agencies pertaining to such abatement activities, (ii) copies of applications
for permits to conduct abatement activities, and (iii) copies of all permits authorizing
abatement activities. Each Party agrees to indemnify, defend, and save harmless the
other Party, its agents and employees, from and against any loss, damage, liability (civil
or criminal), cost, suit, charge (including reasonable attorneys' fees), expense, or cause of
action, for the removal or management of any Hazardous Substance and/or relating to any
damages to any person or property resulting from presence of such Hazardous Substance.
Except as required to comply with the terms of this Agreement, Niagara Mohawk shall
not bring or store Hazardous Substances on the sites of the Interconnection Facility, the
Production Facility or the Manufacturing Plant.

8.4 Each Party shall promptly provide to the other Party, all relevant information, documents,

or data regarding the Production Facility and Electrical System which may reasonably be expected to pertain to the safety, security or reliability of the Production Facility and Electrical System.

ARTICLE IX

COST PAYMENTS

9.1 Niagara Mohawk shall invoice Producer at the start of each calendar quarter in an amount

equal to Niagara Mohawk's actual costs and expenses for which Niagara Mohawk is to be reimbursed under this Agreement.

9.2 The Producer shall pay Niagara Mohawk within thirty (30) calendar days of receipt of an

invoice for all costs reasonably incurred by Niagara Mohawk under this Agreement.

9.2.1 Consistent with applicable Niagara Mohawk Retail Tariff requirements, the
 Producer shall be responsible for all actual costs that Niagara Mohawk reasonably
 incurs, including, but not limited to, capital costs, labor (direct and distributable);
 labor fringe benefits and payroll taxes; invoices for material, contractors,
 consultants, etc.; employee expenses; storeroom material and handling; any and
 all costs and expenses resulting from damage to Niagara Mohawk property not
 otherwise covered by insurance; sales and/or use taxes on invoices and material;
 transportation; allowance for funds used during construction (“AFUDC”);

administrative and general expense (A&G) at the current rate applied to the total of all costs; and state, county, local sales and use taxes applied to the total of all costs and administrative and general and expenses associated with the acquisition, ownership, operation, repair, A&G, inspection, design review, engineering, surveying, project management and coordination, testing of electrical equipment and installation of energy management system remote terminal units and revenue meters, construction, construction monitoring, financing, maintenance, environmental and regulatory permitting and licensing of, taxes and transfer of title of any new facilities and Modifications.

19

9.2.2 Producer shall be responsible for any and all federal, state, local, and foreign taxes

levied or assessed upon Niagara Mohawk for payments made to Niagara Mohawk
by Producer for services provided under this Agreement including, but not limited
to, the following (to the extent applicable): transfer tax, property tax, federal
income tax, and New York State taxes, including New York income or gross
receipts, sales and use taxes; provided, however, that Niagara Mohawk shall pay
any applicable interest or penalty incurred as a result of Niagara Mohawk’s delay
in paying such taxes or seeking reimbursement from Producer. If any form of tax,
other than income or excess profits tax, under any present or future federal, state
or other law different from or in addition to the taxes for which participation in or
payment by Producer is provided herein or elsewhere in this Agreement, is
required to be paid, levied or assessed against or incurred by Niagara Mohawk
with respect to any property, property right, commodity, or service involved in,
resulting from or accruing from Niagara Mohawk’s performance under this
Agreement, which such different or additional tax would not be required to be
paid by Niagara Mohawk in the absence of this Agreement and, with respect to
such different or additional tax, no obligation of Producer to participate or pay
would have attached under the provisions of this Agreement elsewhere than in
this subsection, then in such event Producer shall fully reimburse Niagara
Mohawk for the full amount of such different or additional tax paid by Niagara
Mohawk.

9.2.2.1 If Niagara Mohawk receives a refund from the taxing authorities of any
 amounts paid by Producer, Niagara Mohawk shall refund to Producer such
 amount refunded Niagara Mohawk (net of expenses related to obtaining
 the refund) within thirty (30) days of receiving such refund.

9.2.2.2 Notwithstanding the foregoing, Producer, at its own expense, shall have
 the right to require Niagara Mohawk to seek a Private Letter Ruling from
 the Internal Revenue Service on whether any of the sums paid to Niagara
 Mohawk by Producer under the terms of this Agreement for the
 construction of any facilities required hereunder are subject to U.S. federal
 taxation. To the extent that the Private Letter Ruling concludes that any
 such sums are taxable to Niagara Mohawk, Producer shall reimburse
 Niagara Mohawk for all such taxes consequently imposed upon Niagara
 Mohawk in accordance with the terms of this Agreement Producer shall
 reimburse Niagara Mohawk for all costs, including but not limited to legal
 fees, associated with seeking the Private Letter Ruling.

9.2.2.3 Increased income tax to Niagara Mohawk arising from Producer's
 payment or reimbursement of tax under the preceding provisions will be
 addressed in the following manner. Any net actual U.S. federal income tax
 or New York State tax (collectively, for this subsection 9.2.5 "Tax"), if
 any, arising out of any payment or reimbursement of any tax by Producer

20

under this Article shall be reimbursed to Niagara Mohawk. The amount
reimbursed to Niagara Mohawk under this subsection shall consist of (1)
the Tax arising under this subsection (the "First Amount"); plus (2) the net
actual Tax imposed on the First Amount (the "Second Amount"); plus (3)
the net actual Tax imposed on the Second Amount (the "Third Amount");
and plus (4) the net actual Tax imposed on the Third Amount and on each
succeeding amount until the final amount is less than one dollar.

9.3 Niagara Mohawk agrees to cooperate with Producer, if requested by Producer, in

attempting to minimize Niagara Mohawk's costs under this Article, provided Producer
reimburses Niagara Mohawk for all costs incurred by Niagara Mohawk in connection
with such cooperation, including reasonable attorneys' fees and expenses, and provided
further that Producer shall indemnify, defend, and save harmless Niagara Mohawk, its
agents and employees, against any and all penalties, judgments, fines (civil or criminal),
or other costs that may be imposed by any governmental authority as a result hereof, but
only to the extent that such penalties, judgments, fines, or other costs are not attributable
to Niagara Mohawk's respective gross negligence or intentional misconduct.

9.4 Niagara Mohawk shall include, with each invoice, documentation supporting the costs,

expenses, and/or taxes incurred by Niagara Mohawk in the previous quarter, or to be
incurred in the next quarter, as provided for in 9.2 Niagara Mohawk will provide such
documentation from its standard accounting methods. Within thirty (30) days from date
of the invoice, Producer shall pay the invoice and/or notify Niagara Mohawk that
Producer disputes, in whole or in part, any of the costs, expenses, and/or taxes reflected
in the invoice and shall specify with particularity the reasons for such dispute. If Producer
disputes any invoice or portion thereof, Producer shall immediately place into an
independent escrow account an amount equal to the portion of the invoice it disputes.
Such amount shall remain in escrow until the dispute between the Parties is resolved in
accordance with Article 30C of this Agreement. If any portion of any invoice Producer
has not disputed remains unpaid thirty (30) days from the invoice date, Niagara Mohawk
shall apply to the unpaid balance, and Producer shall pay, a finance charge at the rate of
one and one-half percent (1.5%) per month, but in no event more than the maximum
allowed by law.

ARTICLE X
NOTICES

10.1 All notices required or permitted under this Agreement shall be in writing and shall be

personally delivered or sent by certified or registered first class mail (return receipt requested, postage prepaid), facsimile transmission, or overnight express mail or courier service addressed as follows:

21

To Producer:

Attention: Adam Snyder Energy Manager

General Mills Operations, LLC

54 South Michigan Ave. Buffalo, NY 14203

Tel: (716) 857-3618
Fax: (716) 857-7139

To Niagara Mohawk:

Director-Transmission
Commercial Services

Niagara Power Corporation d/b/a/ National Grid

300 Erie Boulevard West Syracuse, NY 13202

Tel: (315) 428-3159
Fax: (315) 428-5114

10.1.1 All notices required for billing purposes under this Agreement shall be in writing

and shall be delivered to the following address:

To Producer:

Attention: Lisa DuBois Financial Analyst

General Mills Operations, LLC

54 South Michigan Ave. Buffalo, NY 14203

Tel: (716) 857-3525
Fax: (716) 857-3503

To Niagara Mohawk:

Director,- Transmission Commercial Services

Niagara Power Corporation d/b/a/ National Grid

300 Erie Boulevard West Syracuse, NY 13202

Tel: (315) 428-3159
Fax: (315) 428-5114

10.1.2 If given by electronic transmission (including telex, facsimile or telecopy), notice shall be deemed given on the date received and shall be confirmed by a written copy sent by first class mail. If sent in writing by certified mail, notice shall be deemed given on the second business day following deposit in the United States mails, properly addressed, with postage prepaid. If sent by same-day or overnight delivery service, notice shall be deemed given on the day of delivery.

10.2 Either Party may change its address for notices by notice to the other in the manner

provided above.

10.3 Notwithstanding paragraph 10.1, any notice hereunder, with respect to an Emergency

Condition or other occurrence requiring prompt attention, shall be communicated in an expedited manner and may be made by telephone provided that such notice is confirmed in writing promptly thereafter.

22

10.4 The representatives noted in paragraph 10.1, or their designees, shall be authorized to act

on behalf of the Parties, and their instructions, requests, and decisions will be binding upon the Parties as to all matters pertaining to this Agreement and the performance of the Parties hereunder. Only these representatives shall have the authority to commit funds or make binding obligations on behalf of the Parties. The Parties shall be permitted to change their respective representatives by providing notice to the other party of the change of representative.

ARTICLE XI

TERM AND TERMINATION

11.1 This Agreement shall become effective as of the EFFECTIVE DATE, subject to its

approval or acceptance for filing by the FERC, and shall continue in effect through September 30, 2017, unless a change in the Unique Configuration occurs. If a change in the Unique Configuration occurs, this Agreement will terminate immediately.

11.2 This Agreement shall not merge with or be terminated or superseded by any future

agreement between the Parties that does not specifically so provide.

11.3 In the event either Niagara Mohawk or Producer abandons its work or facilities under this

Agreement; becomes insolvent; or assigns or sublets this Agreement in a manner
inconsistent with this Agreement, or is violating any of the material conditions, terms,
obligations, or covenants of this Agreement, or is not performing this Agreement in good
faith, the other Party may terminate this Agreement by providing written notice. Before
instituting proceedings before FERC to terminate the Agreement, either Party must give
written notice to the other Party of the reasons for termination. If, within a period of thirty

(30) days of receiving such notice, Producer or Niagara Mohawk cures the default or
breach cited by the other in such written notice, to the reasonable satisfaction of the Party
that provided such notice, and shall have complied with the provisions of this Agreement,
such notice shall become null and void and of no effect. Otherwise, such notice shall
remain in effect and, except to the extent expressly provided for herein, the obligations of
the Parties under this Agreement shall terminate thirty (30) days after such notice was
provided.

11.4 In the event of a billing dispute between Niagara Mohawk and Producer arising

hereunder, Niagara Mohawk will not apply to remove the Interconnection Facility or any part of the Electrical System from service or to terminate service thereon as long as Producer: (1) continues to make all payments and (ii) adheres to the dispute resolution procedures set forth in Article XX of this Agreement and pays into an independent escrow account the portion of any invoice in dispute, pending resolution of such dispute. If Producer fails to meet these two requirements, then a default shall be deemed to exist, to which the procedures set forth in this Article XI for the removal of the Interconnection Facility from service shall apply. Billing disputes arising from retail service to Producer shall be governed by the Retail Tariff or applicable contracts.

23

11.5 Termination of this Agreement shall not relieve Producer or Niagara Mohawk of any of

its liabilities and obligations arising hereunder prior to the date termination becomes
effective, and Producer or Niagara Mohawk may take whatever judicial or administrative
actions as appear necessary or desirable to enforce its lights hereunder. The rights
specified herein are not exclusive and shall be in addition to all other remedies available
to either Party, either at law or in equity, for default or breach of any provision of this
Agreement; provided, however, that in no event shall Niagara Mohawk or Producer be
liable for any incidental, special, indirect, exemplary or consequential costs, expenses, or
damages sustained by the other, as provided for in Article XXI hereto.

11.6 If a Party provides to the other written notice of termination pursuant to paragraph 11.3

and, in accordance therewith, such notice remains in effect thirty (30) days after such
notice was provided (thereby terminating the obligations of the Parties under this

Agreement), the Party that received such notice shall be liable to the other for all costs, expenses, liabilities and obligations, including reasonable attorneys' fees, incurred by the other Party resulting from or relating to the termination of this Agreement.

11.7 In the event of termination of this Agreement, Niagara Mohawk, at its sole option may

physically disconnect the Production Facility; provided, however, that Niagara Mohawk shall leave the retail infrastructure which serves the Manufacturing Plant in place and operational. To the extent necessary, Producer shall provide Niagara Mohawk access to the Production Facility and cooperate with Niagara Mohawk to disconnect the Production Facility. Continued service to the Manufacturing Plant shall be governed by the Retail Tariff or applicable contracts.

ARTICLE XII

FORCE MAJEURE

12.1 Neither Party shall be considered to be in default or breach hereunder, and shall be

excused from performance hereunder, if and to the extent that it shall be delayed in or
prevented from performing or carrying out any provisions of this Agreement by reason of
flood, lightning strikes, earthquake, fire, epidemic, war, invasion, riot, civil disturbance,
sabotage, explosion, insurrection, military or usurped power, strikes, stoppage of labor,
labor dispute, failure of contractors or supplies of material, action of any court or
governmental authority, or any civil or military authority de facto or de jure, change in
law, act of God or the public enemy, or any other event or cause beyond such Party's
control, including, without limitation, disconnection or limited operation of Niagara
Mohawk's electric system, unscheduled repairs or maintenance, fuel or energy shortages,
or equipment breakdown resulting even with Good Utility Practice which are beyond
such Party's reasonable control; provided, however, that neither Party may claim force
majeure for any delay or failure to perform or carry out any provision of this Agreement
to the extent that such Party has been negligent or engaged in intentional misconduct and
such negligence or misconduct contributed to that Party's delay or failure to perform or
carry out its duties and obligations under this Agreement.

24

12.2 The Party claiming force majeure shall give notice to the other Party of the occurrence of

force majeure no later than ten (10) business days after such occurrence and shall use due diligence to resume performance or the provision of service hereunder as soon as practicable. Performance under this Agreement is excused only for the duration of the force majeure event.

ARTICLE XIII

INDEMNIFICATION

13.1 To the fullest extent allowed by law and to the extent not otherwise articulated in this

Agreement, each Party shall indemnify, defend, and save harmless the other Party, its
agents and employees, from and against any loss, damage, liability, cost, suit, charge,
expense, or cause of action, whether unconditionally certain or otherwise, as they may
arise after the Effective Date of this Agreement or arise at anytime thereafter, (including
but not limited to fees and disbursements of counsel incurred by a Party in any action or
proceeding between Producer and Niagara Mohawk or between a Party and any third
party or otherwise) arising out of any damage or injury to its property or property of third
parties (including real property, personal property and environmental damages), persons,
(including injuries resulting in death), caused by or arising out of or in any way
connected with the acts or omissions of the other Party in the performance of its
obligations under this Agreement, or the work performed by the other Party hereunder, or
any equipment, property or facilities used by the other Party, its agents, employees,
contractors, and suppliers; provided however, each Party shall be liable for all claims of
the Party's own employees arising out of any provision of the Workers' Compensation
Law. Except as provided in section 13.3 regarding comparative negligence, neither Party
shall be required to indemnify the other Party for a Party's own negligence or willful
misconduct.

13.2 Niagara Mohawk and Producer each agree to indemnify, defend, and save each other and

their agents and employees harmless from and against any loss, damage, liability (civil or
criminal), cost, suit, charge, expense (including reasonable attorneys' fees) or cause of
action arising from violations by the other Party of said laws, ordinances, rules,
regulations, permits, licenses, approvals, certificates and requirements thereunder.
Niagara Mohawk and Producer each agree to bear fully all civil and criminal penalties
that may arise from its own violations or from its failure to comply with the
aforementioned laws and requirements, whether such penalties are assessed against
Producer or Niagara Mohawk. The provisions of this paragraph shall survive termination
of this Agreement.

13.3 In the event that the claims, damages, losses, judgments, or settlements are the result of

the negligence of both Parties, each Party shall be liable to the extent or degree of their respective negligence, as determined by mutual agreement of both Parties, or in the absence thereof, as determined by the adjudication of comparative negligence.

25

13.4 The indemnifying Party shall take prompt action to defend and indemnify the other Party

against claims, actual or threatened, but in no event later than the service of notice,
summons, complaint, petition to other service of process against the indemnified Party
alleging damage, injury, liability, or expense attributed in any way to the Agreement, the
work or acts, fault, negligence, equipment, materials, properties, facilities, personnel, or
property of the indemnifying Party, its agents, employees, contractors or suppliers. The
indemnifying Party shall defend any such claim or threatened claim, including as
applicable, engagement of legal counsel, to respond to, defend, settle, or compromise any
claim or threatened claim.

13.5 Furthermore, the indemnifying Party understands and agrees it is responsible for any and

all costs and expenses incurred by the indemnified Party to enforce this indemnification

provision.

13.6 The obligations set forth in this Article shall survive the later of the completion of the

work, termination or expiration of the Agreement.

ARTICLE XIV

RELATIONSHIP OF THE PARTIES

14.1 Nothing contained in this Agreement shall be construed or deemed to cause, create,

constitute, give effect to, or otherwise recognize Producer and Niagara Mohawk to be partners, joint venturers, employer and employee, principal and agent, or any other business association, with respect to any matter.

14.2 Unless otherwise agreed to in writing signed by both Parties, neither Party shall have any

authority to create or assume in the other Party's name or on its behalf any obligation, express or implied, or to act or purport to act as the other Party's agent or legal empowered representative for any purpose whatsoever.

14.3 Neither Party shall be liable to any third party in any way for any engagement, obligation,

commitment, contract, representation or for any negligent act or omission of the other Party, except as expressly provided for herein.

14.4 The rights and obligations of the Parties shall be limited to those expressly set forth

herein.

ARTICLE XV

THIRD PARTY BENEFICIARY/ASSIGNMENT

15.1 No person or party shall have any rights or interests, direct or indirect, in this Agreement

or the services or facilities to be provided hereunder, or both, except the Parties, their successors, and authorized assigns.

15.2 The Parties specifically disclaim any intent to create any rights in any person or party as a

26

third-party beneficiary to this Agreement

15.3 Except as provided below, neither Party may assign this Agreement or any of its rights,

interests, or obligations hereunder without the prior written consent of the other Party, which such consent shall not be unreasonably withheld.

15.3.1 Producer may, with only prior written notice to Niagara Mohawk, assign, transfer,
 pledge, or otherwise dispose of its rights and interests under this Agreement: (i) to
 any lender or financial institution in connection with the financing or refinancing
 of any changes to the Interconnection Facility made at Producer's request, the,
 Production Facility or property acquisition therefore; and (ii) to any parent or to
 any wholly-owned subsidiary or affiliate of Producer or its parent.

15.3.2 Niagara Mohawk may, upon prior written notice to Producer, assign, transfer,
 pledge, or otherwise dispose of Niagara Mohawk's rights and interests under this
 Agreement to any lender or financial institution in connection with the financing
 or refinancing of the Transmission System or property acquisition therefor.

15.3.3 Any company or entity which succeeds by purchase, merger or consolidation of
 the properties and assets, substantially or entirely, of Niagara Mohawk shall be
 entitled to the rights and shall be subject to the obligations of Niagara Mohawk
 under this Agreement.

15.4 Each Party agrees to reimburse the other Party for any costs and expenses (including

reasonable attorneys' fees) incurred in connection with the other Party's review, execution and delivery of instruments, agreements or documents necessary in connection with the assigning Party's assignment, transfer, sale or other disposition of this Agreement.

15.5 Any assignment in violation of Article XV shall be considered null and void from its

inception and Niagara Mohawk reserves the right to disconnect the Production Facility from the Interconnection Facility.

15.6 Any authorized assignment shall not relieve the assigning Party of the responsibility of

full compliance with the requirements of this Agreement, unless the other Party consents
and the assignee agrees in writing to be bound by all of the obligations and duties of the
assigning Party provided for in this Agreement and has provided written assurances to the
other Party of continued performance and protection against liability upon assignment.

15.7 Assignment contrary to the provisions of this Agreement shall make the assigning Party

the indemnitor of the other Party and its successors against any liabilities and costs,
including attorneys' fees as to which the assigning Party's transferee fails to indemnify,
defend, and hold harmless the other Party, its agents, employees and its successors, from
and against any loss, damage, liability , cost, suit, charge, expense (including reasonable
attorneys' fees) or cause of action, incurred by the other Party as a result of said

27

assignment or as a result of any dispute between the assigning Party and its transferees, or between any subsequent transferees, that arises from or relates to any assignment by the assigning Party.

15.8 This Agreement shall bind and inure to the benefit of the Parties to this Agreement, their

successors and permitted assigns.

ARTICLE XVI
APPROVAL

16.1 Niagara Mohawk shall file this Agreement with the appropriate regulatory authorities. If

any such regulatory body materially modifies the terms and conditions of this Agreement
and such modification(s) materially affect the benefits flowing to one or both of the
Parties, the Parties agree to attempt in good faith to negotiate an amendment or
amendments to this Agreement or take other appropriate action(s) so as to put each Party
in effectively the same position in which the Parties would have been had such
modification not been made. In the event that, within sixty (60) days or some other time
period mutually agreed upon by the Parties after such modification has been made, the
Parties are unable to reach agreement as to what, if any, amendments are necessary and
fail to take other appropriate action to put each Party in effectively the same position in
which the Parties would have been had such modification not been made, then either
Party shall have the right to unilaterally terminate this Agreement.

ARTICLE XVII

WAIVER

17.1 No provision of this Agreement may be waived except by mutual agreement of the

Parties as expressed in writing and signed by both Parties.

17.2 Any waiver that is not in writing and signed by both Parties shall be null and void from

its inception.

17.3 No express waiver in any specific instance as provided in a required writing shall be

construed as a waiver of future instances unless specifically so provided in the required

writing.

17.4 No express waiver of any specific default shall be deemed a waiver of any other default

whether or not similar to the default waived, or a continuing waiver of any other right or default by a Party.

17.5 The failure of either Party to insist in any one or more instances upon the strict

performance of any of the provisions of this Agreement, or to exercise any right herein, shall not be construed as a waiver or relinquishment for the future of such strict performance of such provision or the exercise of such right.

28

ARTICLE XVIII

AMENDMENT AND MODIFICATION

18.1 This Agreement may be amended or modified only if the amendment or modification is

in writing and executed by both Parties. Any amendment or modification that is not in writing and signed by both Parties shall be null and void from its inception.

18.2 No express amendment or modification in any specific instance as provided herein shall

be construed as an amendment or modification of future instances, unless specifically so provided in the required writing.

18.3 Nothing in this Agreement shall be construed as affecting in any way the right of either

Party to unilaterally make application to FERC (or any successor agency) for a change in
rates, terms and conditions, charges, classifications of service, rule or regulation under
Section 205, of the Federal Power Act ("FPA") and pursuant to FERC's rules and
regulations promulgated thereunder provided the other Party retains all rights to object to
such filing.

ARTICLE XIX

GOVERNING LAW

19.1 This Agreement and the rights and obligations of the Parties to this Agreement shall be

governed by and construed in accordance with the laws of the State of New York, without giving effect to the conflict of laws principles thereof.

19.2 Producer and Niagara Mohawk agree to submit to the jurisdiction of the courts in the

State of New York for the purposes of interpretation and enforcement of this Agreement.

19.3 Producer and Niagara Mohawk waive personal service by manual delivery and agree that

service of process on Producer or Niagara Mohawk in any action concerning or arising out of this Agreement may be made by registered or certified mail, return receipt requested, delivered to Producer or Niagara Mohawk at the addresses set forth in Article X of this Agreement.

ARTICLE XX

DISPUTE RESOLUTION

20.1 Should a claim or dispute among the Parties arise under this Agreement, the Parties shall

continue, in good faith, to perform their respective obligations hereunder. Notice of any
claim or dispute that any Party may have against another Party, arising out of the

29

Agreement shall be submitted in writing to the other Parties in a manner that clearly identifies the nature of the claim or dispute and requests that the Parties engage in negotiations to resolve the claim or dispute.

20.2 Upon receipt of the notice of claim or dispute under section 20.1, the Parties shall use

Commercially Reasonable Efforts to resolve any such dispute without resorting to judicial resolution, through good faith negotiations between representatives with authority to resolve or settle the claim or dispute. The Parties agree to keep confidential any documents or materials exchanged and/or confidential information revealed in furtherance of resolving or settling the claim or dispute under Article XX of this Agreement and that such documents, materials, or information shall be considered confidential settlement information and that, pursuant to Rule 408 of the Federal Rules of Evidence and parallel doctrines of state law, shall not be admissible as evidence in any subsequent judicial or regulatory proceeding.

20.3 If the dispute remains unresolved for more than sixty (60) days after receipt of the notice

of claim or dispute under section 20.1, any Party may seek resolution of its rights and
remedies under this Agreement through any available forum in accordance with Article
XX.

ARTICLE XXI

LIMITATION OF LIABILITY

21.1 Notwithstanding any other provision of this Agreement, neither Party shall be responsible

to the other for incidental, indirect, exemplary, special or consequential damages (including punitive damages or loss of profits) in connection with this Agreement, except in cases of intentional misconduct, unless otherwise stated in this Agreement.

21.2 Third-Party Claims Against Either Party. Notwithstanding the provisions of this Article

as they may apply with respect to an indemnifying Party's responsibility for claims
asserted against an indemnified Party by a third-party, under no circumstances shall
either Party, or its directors, officers, employees, agents and Affiliates, be liable to the
other Party, its directors, officers, employees, agents or Affiliates, for third-party claims,
actions or causes of action for incidental, punitive, special, exemplary, indirect, treble,
multiple or consequential damages of any kind (including attorneys' fees, litigation costs,
losses or damages caused by reason of the unavailability of the Production Facility, plant
shutdowns or service interruptions, losses of use, profits or revenue, inventory or use
charges, costs of purchased or replacement power, interest charges or costs of capital)
resulting from or related to curtailments or interruptions of deliveries of Electricity over
the Electrical System, including any such damages which are based upon causes of action
for breach of contract, tort (including negligence and misrepresentation), breach of

warranty or strict liability.

21.3 Survival. The provisions of this Article shall apply regardless of fault and shall survive

termination, cancellation, suspension, completion or expiration of this Agreement.

30

ARTICLE XXII
SEVERABILITY

22.1 If any term of this Agreement, or the interpretation or application of any term or

provision to any prior circumstance, is held to be unenforceable, illegal, or invalid by any
governmental agency or court of competent jurisdiction, the remainder of this
Agreement, or the interpretation or application of all other terms or provisions to persons
or circumstances other than those that are unenforceable, illegal, or invalid, shall not be
affected thereby and each term and provision shall be valid and be enforced to the fullest
extent permitted by law.

ARTICLE XXIII
 HEADINGS

23.1 The headings in this Agreement are included herein for convenience of reference only

and shall not constitute a part of this Agreement for any other purpose, or limit or be used as an aid in construing the provisions of this Agreement.

ARTICLE XXIV

INTEGRATION/MERGER/SURVIVABILITY

24.1 This Agreement sets forth the entire understanding and agreement between the Parties as

to the subject matter of this Agreement and merges and supersedes all prior and contemporaneous understandings and agreements, oral or written, between the Parties with respect to the subject matter thereof.

ARTICLE XXV

COMPLIANCE WITH GOOD UTILITY PRACTICE

25.1 The Parties shall comply with Good Utility Practice.

ARTICLE XXVI

COUNTERPARTS

26.1 This Agreement may be executed in two or more counterparts, each of which shall be

deemed an original but all of which together shall constitute one and the same instrument.

ARTICLE XXVII

INTERPRETATION

27.1 The following rules shall govern the interpretation of this Agreement, including its

definitions. The terms "includes" or "including" shall not be limiting, whether or not
followed by the words "without limitation." References to an article or section shall mean
an article or section of this Agreement unless the context requires otherwise, and

31

reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented and restated through the date as of
which such reference is made.

IN WITNESS WHEREOF, the Parties hereto have caused this instrument to be executed as of the day and year first above written.

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID

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

William L. Malee

Title: Director, Transmission Commercial Services Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

GENERAL MILLS OPERATIONS, LLC

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
 Allen Brown

Title: Plant Manager

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

32

Exhibit A:

33

Exhibit B:

34