

July 29, 2016

Via Electronic Mail/Hand Delivery

Ms. Pamela Monroe, Administrator
New Hampshire Site Evaluation Committee
21 South Fruit Street, Suite 10
Concord, NH 03301

**Re: New Hampshire Site Evaluation Committee Docket No. 2015-06
Joint Application of Northern Pass Transmission LLC and Public Service Company
of New Hampshire d/b/a Eversource Energy for a Certificate of Site and Facility for
Construction of a New High Voltage Transmission Line in New Hampshire
Supplemental Materials**

Dear Ms. Monroe:

Enclosed for filing in the above-captioned docket, please find an original and one copy of the following documents:

- 1) The Construction Management Reporting Matrix that was included as Attachment B to the Pre-Filed Direct Testimony of Jerry Fortier filed with the Application on October 19, 2015. The matrix is referred to on page 11, line 11 of the substituted testimony of Kenneth Bowes that was filed on February 26, 2016, but was inadvertently omitted.
- 2) The ISO New England's I.3.9. determination of no adverse effect, dated July 19, 2016, which is provided consistent with Site 301.03 (g) (11) and (12).
- 3) A redacted copy of the Petition of Public Service Company of New Hampshire d/b/a Eversource Energy for Approval of a Power Purchase Agreement, which is the subject of Public Utilities Commission Docket No. DE 16-693.

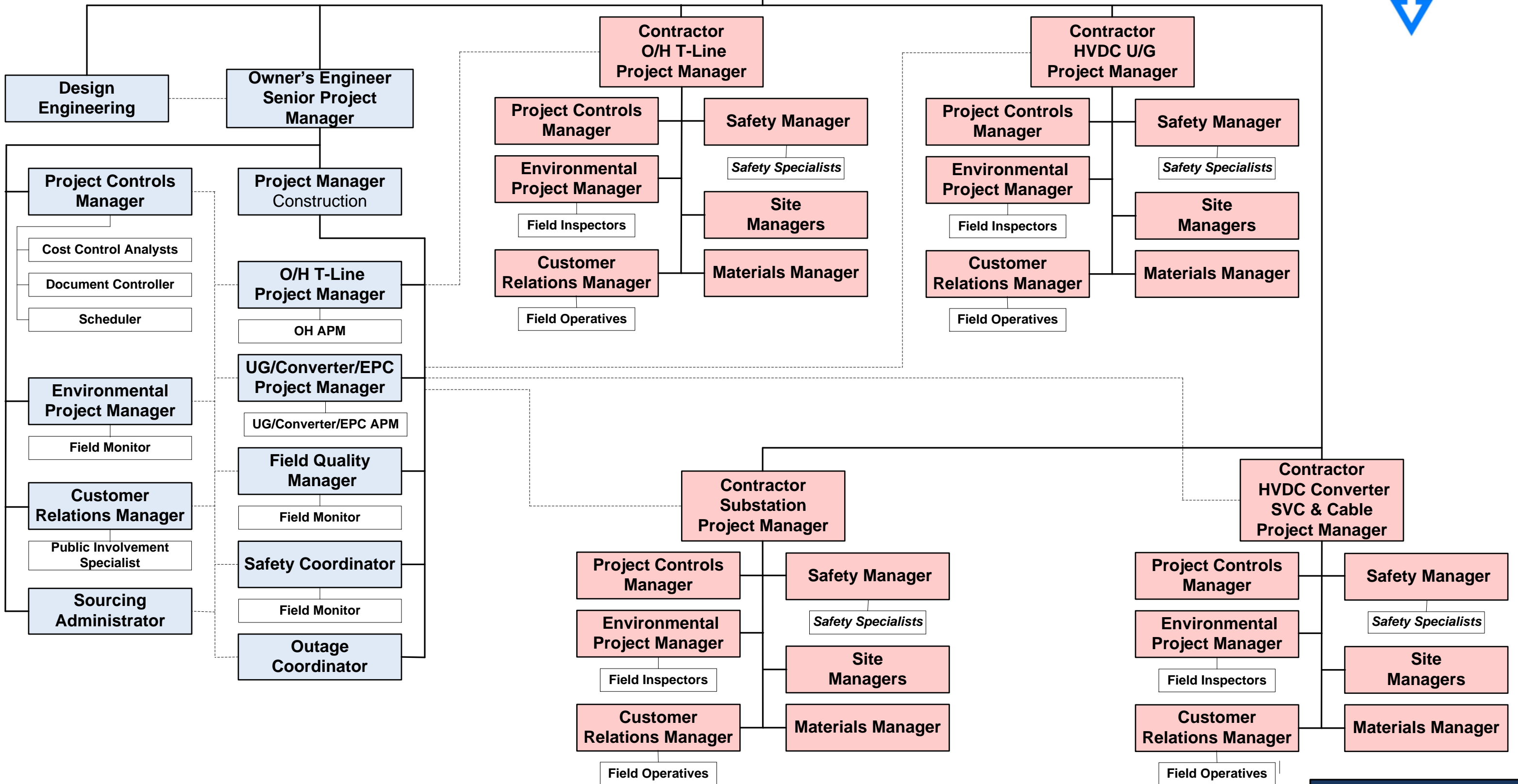
Please contact me directly should you have any questions.

Sincerely,


Thomas B. Getz

TBG:slb

cc: Distribution List



LEGEND

- Owner's Engineer
- Construction Contractor
- Direct Report
- Communicates With



Stephen J. Rourke
Vice President, System Planning

July 19, 2016

Mr. Dennis Carberry
Eversource Energy
56 Prospect Street
Hartford, CT 06103

Subject: Northern Pass Transmission Project - Proposed Plan Applications (PPAs) ES-16-T31 through ES-16-T37

Dear Mr. Carberry:

This letter is to inform you that, pursuant to review under Section I.3.9 of the ISO Tariff, no significant adverse effect has been identified with regard to the following PPAs:

ES-16-T31 through ES-16-T37 – Transmission notifications from Eversource Energy (ES) for the Northern Pass Transmission Project

The in-service date of the project is May 31, 2019. The Reliability Committee (RC) reviewed the materials presented in support of the proposed project and did not identify a significant adverse effect on the reliability or operating characteristics of the transmission facilities of ES, the transmission facilities of another Transmission Owner or the system of any other Market Participant.

Having given due consideration to the RC review, ISO New England has determined that implementation of the plan will not have a significant adverse effect upon the reliability or operating characteristics of the Transmission Owner's transmission facilities, the transmission facilities of another Transmission Owner, or the system of a Market Participant.

A determination under Section I.3.9 of the ISO Tariff is limited to a review of the reliability impacts of a proposed project as submitted by Participants and does not constitute an approval of a proposed project under any other provisions of the ISO Tariff.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen J. Rourke", written over a printed name and title.

Stephen J. Rourke
Vice President, System Planning

cc: Proposed Plan Applications



REDACTED

780 N. Commercial Street
P.O. Box 330
Manchester, NH 03105-0330

Robert A. Bersak
Chief Regulatory Counsel

603-634-3355
robert.bersak@eversource.com

June 28, 2016

Ms. Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 Fruit Street, Suite 10
Concord, New Hampshire 03301

**Re: PETITION OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A
EVERSOURCE ENERGY FOR APPROVAL OF A POWER PURCHASE AGREEMENT**

Dear Director Howland:

Enclosed please find a "Petition of Public Service Company of New Hampshire d/b/a Eversource Energy for Approval of a Power Purchase Agreement" entered into by PSNH with Hydro Renewable Energy Inc. Accompanying the Petition is the supporting prefiled testimony of James G. Daly and Eric H. Chung.

Also included is a "Motion for Confidential Treatment" regarding competitive pricing information contained in the PPA and in Mr. Daly's testimony. Public (redacted) and confidential (unredacted) copies of the PPA and Mr. Daly's testimony are attached per Puc 203.02(a)(1).

If you have any questions regarding this filing, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert A. Bersak", written in a cursive style.

Robert A. Bersak
Chief Regulatory Counsel

Attachments

cc: OCA [confidential versions per RSA 363:28, (VI)]

**THE STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

**PETITION OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
D/B/A EVERSOURCE ENERGY
FOR APPROVAL OF A POWER PURCHASE AGREEMENT**

Docket No. DE 16-_____

Pursuant to RSA 374:57 and Puc 202.01(a) and Puc 203.06, Public Service Company of New Hampshire d/b/a Eversource Energy (“PSNH” or “the Company”) hereby petitions the New Hampshire Public Utilities Commission (“Commission”) for a proceeding to review and approve a power purchase agreement (“PPA”) between PSNH and Hydro Renewable Energy Inc. (“HRE”), as well as for approval of an appropriate ratemaking treatment of that PPA. In support of this Petition, PSNH states the following:

1. HRE is a corporation created under the laws of the State of Delaware and an indirect wholly-owned subsidiary of Hydro-Québec, an electric generation, transmission and distribution utility owned by the government of Québec, Canada. HRE is registered to do business in New Hampshire and is a business in good standing. PSNH is a public utility organized and existing under the laws of the State of New Hampshire that provides electric generation, transmission and distribution services in New Hampshire. HRE and PSNH have entered into a PPA for a term of 20 years under which HRE would sell and PSNH would buy approximately 100 megawatts (MW) of electric energy. The energy purchased pursuant to this PPA would be delivered over the to-be-constructed Northern Pass Transmission¹ line (“NPT line”), a high voltage electric transmission line proposed to be built to convey hydroelectricity produced by Hydro-Québec to New Hampshire and the New England electric markets.

¹ The NPT line is proposed to be constructed by Northern Pass Transmission, LLC (“NPT”), a wholly owned subsidiary of Eversource Energy and a corporate affiliate of PSNH. NPT is not a party to this proposed transaction and holds no interest in the PPA. A petition is currently pending before the New Hampshire Site Evaluation Committee for the siting and construction of the NPT line. The effectiveness of this PPA is conditioned upon the successful completion of that proceeding and other regulatory proceedings relating to NPT.

2. As described more specifically in the PPA, subject to obtaining all required approvals and permits, and the successful construction of the NPT line, HRE would sell to PSNH approximately 100 MW of firm, on-peak energy delivered to PSNH's Deerfield Substation, at prices based on the MA Hub NYMEX forwards adjusted for delivery to the delivery point. Moreover, PSNH shall be entitled to receive at no additional cost all of the environmental attributes associated with the Hydro-Québec renewable resources for the delivered energy over the term of the PPA. HRE shall have the obligation of ensuring that the energy to be supplied is available and that its processes for providing that energy meet the requirements of the regional grid operator, ISO-New England.

3. The accompanying testimony of James G. Daly, PSNH's Vice President – Energy Supply, describes the terms of the PPA and the manner in which it would be implemented. The accompanying testimony of Eric H. Chung, Director Revenue Requirements for New Hampshire and Regulatory Projects at Eversource Energy, describes the proposed ratemaking treatment for the PPA, particularly in light of the proposed divestiture of PSNH's generating assets and the attendant changes to PSNH's default energy supply process, presently under review in Docket No. DE 14-238.

4. Under RSA 374:57:

Each electric utility which enters into an agreement with a term of more than one year for the purchase of generating capacity, transmission capacity or energy shall furnish a copy of the agreement to the commission no later than the time at which the agreement is filed with the Federal Energy Regulatory Commission pursuant to the Federal Power Act or, if no such filing is required, at the time such agreement is executed. The commission may disallow, in whole or part, any amounts paid by such utility under any such agreement if it finds that the utility's decision to enter into the transaction was unreasonable and not in the public interest.

Pursuant to this authority, and while recognizing that the PPA will not take effect until all conditions precedent have been fulfilled, including the receipt of all required permits and

approvals for the NPT line, by this petition PSNH requests that the Commission conclude that the PPA is reasonable and in the public interest.²

5. In reviewing other PPAs in the past, the Commission has considered numerous elements in determining whether those PPAs would conform with the public interest, including aspects of “RSA 378:37, RSA 362-A:1, RSA 374-F:3, RSA 362-F:1, and RSA 362-F:9.” *Public Service Company of New Hampshire, et al.*, Order No. 25,305 (December 20, 2011) at 29. While each of those statutes may not be directly applicable here, a review of the state’s policies as contained in the relevant statutes demonstrates that this proposed PPA is consistent with the public interest.

A. Specifically, the proposed PPA is consistent with the policies described in the State’s restructuring statute, particularly: RSA 374-F:3, V (ensuring the availability of universal electric service); RSA 374-F:3, VIII (encouragement of environmental improvement); RSA 374-F:3, XI (ensuring that New Hampshire’s electric rates are competitive with other regional rates); RSA 374-F:3, XII (requiring utilities to take all reasonable measures to mitigate stranded costs); and RSA 374-F:3, XIII (encouraging regional solutions to issues relating to electric restructuring).

B. Furthermore, the proposed PPA is consistent with the obligation to plan for adequate resources to meet the expected demands of electric customers. *See, e.g.*, RSA 378:37, :38.

C. Additionally, this proposed PPA would bring a new, and renewable, source of electric supply to the state and the region in conformance with the state’s policy to “meet the energy needs of the citizens and businesses of the state at the lowest reasonable cost while providing for the reliability and diversity of energy sources.” RSA 378:37.

² *See Public Service Company of New Hampshire, et al.*, Order No. 25,305 (December 20, 2011) at 28-29: “RSA 374:57 contemplates the possibility of the Commission’s disallowance of costs. We will treat the petition as a request, made in advance of costs being incurred under the PPAs, that the Commission not disallow the costs and instead find that PSNH’s entry into the PPAs is reasonable and in the public interest. Because a decision on whether PSNH’s entry into the PPAs is reasonable and in the public interest does not depend on future events or information only available in the future, we conclude that it may properly be made now based on the record before us, consistent with RSA 374:57.” *See also EnergyNorth Natural Gas, Inc.*, Order No. 24,825 (February 29, 2008).

D. Moreover, by bringing hydro-electric power into New Hampshire, this PPA would provide for a new energy source that is not dependent upon fossil fuels. Providing a diversity of fuel source in contrast to the region's substantial reliance upon natural gas is also consistent with the State's 10-Year Energy Strategy,³ as well as the State Energy Strategy set forth in RSA 4-E:1, I, (c), that requires consideration of renewable energy and fuel diversity.

E. Further, the PPA is consistent with the intent of the Legislature as set forth in RSA 362-A:1, which find diversified sources of supplemental electrical power (which lessen the state's dependence upon other sources that may, from time to time, be uncertain) and the use of indigenous and renewable fuels (which have beneficial impacts on the environment and public health) to be in the public interest.

F. And, per RSA 362-F:1, the PPA meets the public interest by providing energy produced by renewable energy technology, providing fuel diversity to the state via the use of low emission forms of such technologies that reduce the amount of greenhouse gases, nitrogen oxides, and particulate matter emissions transported into New Hampshire and also generated in the state, thereby improving air quality and public health, and mitigating against the risks of climate change.⁴

5. Beyond its conformance with state policies and plans, and its furtherance of the interests of the interests of the citizens of New Hampshire, the proposed PPA presents other benefits to New Hampshire. As described in the testimony of Mr. Daly, the PPA is expected to produce economic benefits to PSNH's customers that will mitigate stranded costs to consumers, and provides for PSNH to receive all environmental attributes for the energy at no additional charge, with all resulting value also credited to PSNH's customers.

³ See New Hampshire 10-Year Energy Strategy at 15 ("New Hampshire must continue to engage in these regional efforts to both protect our state's interests, and to ensure that there is a diverse and affordable supply of energy for our homes and businesses. In addition to engaging in regional efforts, the State must also continue to take steps on our own to address fuel diversity, cost and supply within our State.") and 37 ("As a result, there is a need for focused efforts to reduce New Hampshire's vulnerability to price volatility and supply disruptions, and increase our flexibility and resiliency. Diversifying our fuel portfolio and increasing the use of in-state resources will be critical tools in achieving those goals, in combination with increased efficiency."). Available at: <http://www.nh.gov/oep/energy/programs/documents/energy-strategy.pdf>.

⁴ See also RSA 374-G:1, which, citing to RSA 362-F:1, requires consideration of energy security and diversity resulting from generation sources that eliminate, displace, or better manage traditional fossil fuel energy.

6. As discussed in the testimony of Mr. Chung, PSNH proposes that for ratemaking purposes, the PPA be accounted for via the Company's Stranded Cost Recovery Charge. Such a ratemaking treatment is consistent with the terms of the 2015 PSNH Restructuring and Rate Stabilization Agreement that the Commission is considering in Docket No. DE 14-238, and prevents any distortion of PSNH's default energy service price.

7. The pricing terms of the PPA are the product of confidential negotiations and include confidential, commercial, financial information as set forth in RSA 91-A:5, IV. Copies of the PPA and the testimony of Mr. Daly are being filed in redacted form with this Petition. Unredacted copies of the PPA and that testimony are being filed separately along with a Motion for Confidential Treatment Pursuant to RSA Chapter 91-A and N.H. Code Admin. Rules Puc § 203.08.

WHEREFORE, PSNH respectfully requests that the Commission review the PPA between PSNH and HRE and find that it is reasonable and consistent with the public interest under RSA 374:57; approve the proposed ratemaking treatment for the PPA; and, order such further relief as may be just and equitable.

Respectfully submitted this 28th day of June, 2016.

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
d/b/a EVERSOURCE ENERGY**

By: _____

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THE STATE OF NEW HAMPSHIRE
BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
PREPARED TESTIMONY OF JAMES G. DALY
PETITION OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE
ENERGY FOR APPROVAL OF A POWER PURCHASE AGREEMENT

Docket No. DE 16-xxx

1 **Q. Please state your name, business address and position.**

2 A. My name is James G. Daly. I am employed by Eversource Energy Service Company
3 ("Eversource") as the Vice President of Energy Supply. My business address is 247 Station
4 Drive, Westwood, MA 02090. Eversource Energy Service Company provides centralized
5 services to the Eversource Energy operating subsidiaries, including Public Service Company of
6 New Hampshire d/b/a Eversource Energy ("PSNH"). I am also Vice President of Energy Supply
7 for PSNH.

8 **Q. Have you previously testified before the New Hampshire Public Utilities Commission**
9 **("Commission")?**

10 A. I have testified on a number of occasions before the NHPUC as well as before the Connecticut,
11 Massachusetts, Maine commissions and the Federal Energy Regulatory Commission.

12 **Q. Please outline your education and qualifications.**

13 A. I graduated from Trinity College in Dublin, Ireland with a Bachelor's Degree in Electric
14 Engineering and from University College in Dublin, Ireland with a Master's Degree in Industrial
15 Engineering. From 1980 through 1988, I held the position of Regional Marketing
16 Engineer/Senior Engineer with responsibility for supply arrangements with large industrial
17 customers for the Electricity Supply Board in Dublin, Ireland. I joined Unitil Service Corporation

1 in 1988 and served in various positions including Senior Vice President and President of Unitil
2 Power Corporation. During my tenure at Unitil, I was responsible for the procurement,
3 operations and management of the electric power and natural gas portfolios for various Unitil
4 subsidiaries. From 1998 through 2000, I was President of Unitil Resources, Inc., developing an
5 energy consulting business to major energy companies. In 2000 through 2001, I held the position
6 of Executive Vice President, Network Operations for Enermetrix.com, Inc., where I was
7 responsible for developing an Internet-based network for large retail customers to procure
8 electricity and natural gas. From 2001 through 2003, I was Vice President/Director of Power
9 Market Development for Sprague Energy Corporation where I was responsible for developing a
10 start-up retail electricity business servicing large commercial and industrial customers. I joined
11 NSTAR Electric and Gas Corporation in July 2003. Following the merger of NSTAR and
12 Northeast Utilities, I was promoted to my current position.

13 **Q. Please explain your duties and responsibilities as the Vice President of Energy Supply.**

14 A. As Vice President - Energy Supply, I am responsible for securing a reliable and least-cost energy
15 supply on behalf of customers served by PSNH and its other Eversource Energy distribution
16 affiliates in Connecticut and Massachusetts. My responsibilities include the management of
17 Eversource's natural gas resource portfolio, Basic Service (default energy/standard offer) supply,
18 fuels procurement, and ISO-NE load settlement.

19 **Q. What is the purpose of your testimony?**

20 A. The purpose of my testimony is to explain the power purchase agreement ("PPA") between
21 PSNH and Hydro Renewable Energy Inc. ("HRE"), a subsidiary of Hydro-Québec for
22 hydropower to be delivered to Deerfield, New Hampshire over the proposed Northern Pass
23 transmission line. More specifically, I will describe the terms of the PPA, including the price to

1 be paid and the terms of delivery, the benefits to New Hampshire customers from the PPA and
2 why the PPA is in the public interest. The ratemaking treatment of the PPA will be covered in the
3 testimony of Eric H. Chung.

4 **Q. Please describe the proposed Northern Pass Transmission line (“NPT”).**

5 A. NPT is a proposed HVDC electric transmission line with 1,090 MW transfer capability running
6 approximately 192 miles from the international border between Canada and Pittsburg, New
7 Hampshire to Franklin, New Hampshire, where it will connect with a 345 kV alternating current
8 (“AC”) line that will ultimately interconnect with the existing regional transmission system in
9 Deerfield, New Hampshire.

10 **Q. What benefits will NPT bring to the State of New Hampshire?**

11 A. Once constructed and placed in service, NPT will deliver up to 1090 MW of clean, renewable
12 electric power to New Hampshire, together with substantial economic, environmental and other
13 benefits. Detailed information discussing the benefits of NPT are contained in the “Joint
14 Application of Northern Pass Transmission, LLC and Public Service Company of New
15 Hampshire d/b/a Eversource Energy for a Certificate of Site and Facility to Construct a High
16 Voltage Electric Transmission Line and Related Facilities in New Hampshire,” dated October 19,
17 2015, that is pending before the New Hampshire Site Evaluation Committee in its Docket No.
18 2015-06. Briefly, construction and operation of the line will provide an estimated \$3.8 billion in
19 economic stimulus in the State through the first 20 years of operation, including: \$80 million in
20 annual energy cost savings; 2,600 New Hampshire jobs; \$600 million in local, county and state
21 tax revenues; and \$200 million in funding for community betterment, economic development,
22 clean energy and tourism through the Forward New Hampshire Fund. Delivery of renewable
23 hydroelectric energy over NPT will reduce greenhouse gas emissions by over 3,000,000 tons per

1 year and thus, help achieve the goals of the NH Climate Action Plan and Regional Greenhouse
2 Gas Initiative. These benefits will be realized at no cost to New Hampshire customers and with
3 no demand on government services.

4 **Q. Why did PSNH enter into the PPA?**

5 A. PSNH entered into the PPA to ensure that its customers and the State of New Hampshire would
6 realize a unique, direct benefit from energy that would be delivered over NPT in addition to the
7 savings and other substantial benefits provided by commencement of construction and operations
8 of NPT described above. The PPA is intended to satisfy the following goals:

- 9 1) Ensure that New Hampshire receives no less than its regional load ratio share of the
10 energy delivered over NPT during on-peak hours when energy and reliability benefits
11 are highest to PSNH's customers;
12 2) Create a stable pricing formula that reduces volatility;
13 3) Ensure that all environmental attributes associated with the energy delivered under
14 the PPA would be transferred to PSNH for the benefit of its customers;

15 **Q. Is the PPA attached to your testimony?**

16 A. Yes. The PPA is attached to my testimony as Attachment A.

17 **Q. Please describe the PPA.**

18 A. In broad terms, under the PPA, PSNH will receive a substantial supply (approximately 400,000
19 MWHrs/Year) of firm, on-peak energy from renewable resources equal to approximately 100
20 MW. The energy supply is on-peak, Monday through Friday, from hour-ending 8 am through
21 hour-ending 11 pm (67% of weekday hours), every week of the year for the 20-year term of the
22 PPA. Additionally, PSNH will receive all of the environmental attributes associated with the

Q. What are the pricing terms in the PPA?

Specifically, the first year contract price will be the delivery point adjusted forward market price for energy. The contract price for the following years will be set using the following pricing formula:

[illegible]

1 **Q** **Does the PPA contain any additional terms to help assure that New Hampshire continues to**
2 **receive unique economic benefits over the long term?**

3 A. Yes. To support the ongoing benefits of the transaction, the Agreement provides significant
4 “most favored nation” rights. First, if at any time prior to the tenth anniversary of the contract,
5 HRE (or any of its affiliates) enters into a third party power sales agreement over the NPT line for
6 a similar volume as this PPA, then HRE is required to give notice to PSNH of that agreement,
7 including the pricing terms of the agreement. PSNH will have the right to accept such pricing
8 terms in whole in lieu of the pricing terms described above, if PSNH determines that they are
9 more favorable. Second, if unit-specific environmental attributes are transferred in the NEPOOL
10 – GIS System under another long term contract where HRE energy is transmitted using the NPT
11 Line, PSNH would have the right to adopt that same unit-specific Environmental Attribute
12 transfer process.

13 **Q. Please summarize the benefits of the PPA.**

14 A. The PPA provides several important benefits to PSNH customers and the State of New
15 Hampshire. The PPA secures a source of clean energy and the associated environmental
16 attributes at beneficial rates over a 20-year period. PSNH’s customers and the State of New
17 Hampshire will receive direct and indirect energy cost savings, reduced energy price volatility,
18 and other economic benefits as a result of the PPA. Notably, New Hampshire customers will not
19 bear any costs for the purchase of the environmental attributes associated with the energy
20 delivered under the PPA.

21 **Q. What are the economic benefits of the PPA for PSNH’s customers?**

22 A. The key economic benefits of the PPA are that PSNH’s distribution customers will receive the
23 value of the below-market savings created by the PPA, as well as the value of all environmental

1 attributes that may materialize in the future, in the form of a credit to the Stranded Cost Recovery
2 Charge. The pricing formula used in the PPA has two key components. [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]. Incorporating these concepts into the PPA prevents substantial
6 swings in the price from one year to the next and therefore helps stabilize PPA pricing in a
7 volatile market. In addition, the contract provisions help reduce customer costs within a market
8 environment that rises over the long term, while allowing customers to realize benefits related to
9 falling energy costs on a year-over-year a basis.

10 **Q. Have these potential cost savings to customers been quantified?**

11 A. Yes. To demonstrate the range of potential savings to PSNH's customers from the PPA,
12 Eversource developed and reviewed a number of different pricing scenarios, the economic results
13 of which are detailed in Attachment B, attached to this testimony. These scenarios were
14 developed with the aid of historical energy price, fuel price, and CPI data and span a reasonable
15 range of net benefits outcomes that customers could potentially realize during the 20-year term of
16 the contract. Some scenarios show energy prices being very volatile and rising rapidly during the
17 20-year term, while others show prices falling initially with very little volatility and price growth
18 thereafter.

19 As shown in Attachment B, the PPA results in up to approximately \$100 million in net customer
20 energy savings across the range of scenarios reviewed. Under all but one of the various scenarios
21 reviewed by PSNH, and without including any value for the environmental attributes PSNH will
22 receive under the PPA, customers would receive a net economic benefit from the PPA. The
23 scenario that did not suggest a net benefit assumed a sharply declining price environment in the

1 early years of the PPA, all years below the year 1 price, and low volatility; intuitively, the
2 likelihood that all of these situations would occur simultaneously is quite low. In summary, the
3 PPA pricing structure helps stabilize the PPA pricing in a volatile market and, in all but one
4 aberrant scenario, reduces costs to customers.

5 **Q. Please describe the clean energy benefits associated with the PPA.**

6 A. First, under the PPA, PSNH will receive a fully renewable energy supply derived from 100%
7 large hydro, low-carbon resources located in the Province of Québec and delivered to the
8 Deerfield, NH substation without any additional cost for the transmission service over the NPT
9 line.

10 Second, PSNH will receive the environmental attributes associated with the renewable energy
11 delivered under the PPA at no additional cost. Hydro-Québec's renewable fleet includes large
12 hydroelectric facilities, of which 2,500 MWs are new and have been developed and integrated
13 into the system since 2005. An additional 1,200 MWs are under construction and will come on-
14 line in phases through 2020.

15 **Q. What value do these environmental attributes provide to New Hampshire customers?**

16 A. New Hampshire and other New England states have set aggressive goals for the reduction of
17 carbon emissions. There is a growing recognition that hydroelectricity provides a clean,
18 renewable source of power that will have an important role in meeting these goals. In my
19 opinion, development of a market for these environmental attributes over the term of the contract
20 is likely as states pursue means to achieve their carbon reduction and other greenhouse gas goals.
21 Should New Hampshire, other states, the federal government, or regional grid operators
22 implement laws, regulations or rules for environmental attributes for large hydro that correspond

1 with the Hydro-Québec renewable energy, PSNH will be able to monetize those attributes for the
2 benefit of PSNH's customers.

3 By way of example, if the renewable energy were to be valued at a Renewable Energy Credit
4 (REC) price of \$40 which is representative of the current Class I market, then the environmental
5 attributes associated with the PPA would be worth in excess of \$300 million nominally over the
6 20-year term length, providing significant additional value to customers. While large-scale hydro
7 is not eligible for Class I RECs today, it provides a good proxy for the value of clean non-carbon
8 energy. Since New England adopted the Class I standard the cost to avoid carbon-based
9 generation has been the cost of a Class I REC. The decision to exclude large hydro from Class I
10 eligibility was based on the desire not to subsidize large hydro with the Class I compliance costs.
11 Even so, New England and NH continue to pay the Class I REC price to avoid carbon emissions.
12 In addition, hydro power has the added value of being dispatchable which makes it a good
13 resource to support intermittent resources such as wind and solar.

14 As previously stated, it is important to note that the net customer benefits cited in Attachment B
15 do not include any environmental benefits. Any revenue derived from the monetization of the
16 environmental benefits will be in addition to the energy benefits demonstrated in Attachment B.

17 **Q. Will PSNH use the energy from the PPA to supply default energy service?**

18 A. No. As more fully described in the testimony of Eric H. Chung, PSNH's entitlements to the
19 energy and environmental attributes will be sold bilaterally or into the wholesale market, with the
20 net proceeds credited to the Stranded Cost Recovery Charge.

1 **Q. Could the PPA potentially increase stranded costs?**

2 A. The pricing structure of the PPA is designed to avoid the creation of any additional stranded costs
3 by following wholesale market prices, thereby avoiding the risk of locking in high fixed costs
4 when market prices decline. The PPA will reduce market volatility by clipping off the high and
5 low prices, leading to price stability. As markets tend to skew toward high prices, on an annual
6 basis the benefits from clipping off the high prices is greater than the cost of giving up the lower
7 end of the price curve. The scenarios described in Attachment B demonstrate this. There may be
8 years where the market falls faster than the contract price, but over the term of the contract, the
9 benefits of cutting off high prices exceeds the cost in all but one of the scenarios reviewed.

10 **Q. Are there are public policies or goals that are supported by the PPA?**

11 A. Yes, a variety of public policies and goals are supported by the PPA. First, and perhaps most
12 important, this PPA helps to ensure that New Hampshire would receive a unique benefit from an
13 energy source that does not depend upon fossil fuels. Providing electricity from a different fuel
14 source, and one that relies upon renewable energy in contrast to the region's substantial reliance
15 upon natural gas for electric generation, is consistent with the State's public policy goals as they
16 are described in the State's 10-Year Energy Strategy. A number of other statutes also set forth
17 the public interest of having fuel diversity in electric generation, including RSA 4-E:1, I, (c);
18 RSA 378-7-a; RSA 374-F:8; RSA 374-G:1; and, RSA 362-F:1.

19 Further, the Legislature has declared that it is the State's policy to "meet the energy needs of the
20 citizens and businesses of the state at the lowest reasonable cost while providing for the reliability
21 and diversity of energy sources." RSA 378:37. Assuring that New Hampshire customers may
22 benefit from low cost, reliable power from a renewable source is clearly in line with the State's
23 clearly articulated policy goal.

1 Additionally, the proposed PPA is consistent with, and supports, the fundamental reason for
2 restructuring of the state’s electric industry – i.e., reducing “the highest average electric rates in
3 the nation” to ameliorate their “adverse impact on New Hampshire citizens.” (1996 N.H. Laws,
4 129:1). By helping to provide a stable and renewable energy source to New Hampshire the PPA
5 would contribute to the reliability of electric service, encourage environmental improvement, and
6 ensure that New Hampshire’s electric rates are more competitive with electric rates in the region.

7 **Q. Do you have an opinion on whether the PPA is just and reasonable to PSNH’s customers**
8 **and in the public interest?**

9 A. Yes. The terms of the PPA are just and reasonable because the energy price underlying the PPA
10 is market-based, the value associated with the environmental attributes would be transferred at no
11 additional cost to customers, and the key features of the PPA contract structure help promote the
12 traditional ratemaking concepts of stability and predictability.

13 **Q. Is the PPA conditioned on the NPT line being built and put into operation?**

14 A. Yes. The energy PSNH would purchase under the PPA is expressly limited to energy that Hydro-
15 Québec would deliver using the Northern Pass transmission line.

16 **Q. What is PSNH seeking from the Commission?**

17 A. Pursuant to RSA 374:57, PSNH is requesting that the Commission issue an order finding that
18 PSNH’s decision to enter into the PPA was reasonable and in the public interest. Specifically
19 PSNH requests that the Commission:

- 20 a. Find PSNH’s decision to enter into the PPA to be reasonable;
- 21 b. Find that the terms of the PPA are in the public interest;

- 1 c. Allow PSNH to flow the benefits and any costs of the PPA through its Stranded Cost
2 Recovery Charge consistent with the description in Mr. Chung's testimony, thereby
3 eliminating any adverse effect to competitive suppliers that might occur from impacts to
4 the default energy service price, and allowing all of PSNH's distribution customers to
5 share in the expected benefits of the PPA;
6 d. Order such further relief as may be just and equitable.

7 **Q. Does this conclude your testimony?**

8 **A.** Yes, it does.

REDACTED

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POWER PURCHASE AGREEMENT

by and between

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

d/b/a Eversource Energy

as BUYER

and

HYDRO RENEWABLE ENERGY INC.

as SELLER

dated as of June 17, 2016

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POWER PURCHASE AGREEMENT

This POWER PURCHASE AGREEMENT (this "Agreement"), dated as of June 17, 2016 (the "Effective Date"), is by and between Public Service Company of New Hampshire, a public utility holding company organized and existing as a voluntary association under the laws of the State of New Hampshire, d/b/a Eversource Energy ("PSNH" or "Buyer"), and Hydro Renewable Energy Inc., a corporation organized and existing under the laws of the State of Delaware ("HRE" or "Seller"). Seller and Buyer together are the "Parties" and each individually is a "Party" to this Agreement.

WITNESSETH:

WHEREAS, this Agreement provides for the sale by Seller of certain wholesale power products to Buyer to be delivered over a new high-voltage direct current transmission line known as the Northern Pass Transmission Line (the "NPT Line"), as further described in the Transmission Service Agreement (as defined below); and

WHEREAS, PSNH intends that such sale by Seller of wholesale power products to Buyer over the NPT Line will benefit New Hampshire customers; and

WHEREAS, the Parties also intend that the sale by Seller of such wholesale power products to Buyer over the NPT Line will provide direct and indirect benefits to the State of New Hampshire, to the New England region and to the province of Québec; and

WHEREAS, this Agreement sets forth the rates, terms and conditions under which Seller will sell the Products (as defined below) to Buyer and Buyer will purchase such Products from Seller.

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained, the Parties covenant and agree as follows:

ARTICLE ONE: GENERAL DEFINITIONS; RULES OF USAGE

1.1 Definitions. The following terms shall have the definitions set forth in this Article One.

(a) "Affiliate" means, with respect to (i) Buyer (A) Eversource Energy and (B) any other Person that, directly or indirectly, including through one or more intermediaries, controls or is controlled by or is under common control with, Buyer and (ii) Seller (A) Hydro-Québec and (B) any other Person that, directly or indirectly, including through one or more intermediaries, Hydro-Québec controls. For this purpose, "control" means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

(b) "Agreement" has the meaning set forth in the preamble and includes this Power Purchase Agreement, together with the appendices, other attachments and any written supplements hereto, as the same may be amended or otherwise modified from time to time.

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(c) “Bankrupt” means with respect to a Party or other Person, that such Party or other Person (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger), (ii) becomes bankrupt or insolvent (however evidenced) or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due, (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors, (iv)(A) institutes a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under the Bankruptcy Code or any other bankruptcy, insolvency, reorganization and other similar law affecting creditors’ rights, or files a petition for its winding-up or liquidation or (B) has such a proceeding instituted or such a petition presented against it and such proceeding or petition is not dismissed within thirty (30) days after the institution or presentation thereof, (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger), (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets, (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied or enforced against all or substantially all its assets, (viii) causes or is subject to any event that, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) through (vii) or (ix) takes any action in furtherance of, or indicating its consent to, approval of or acquiescence in, any of the foregoing acts.

(d) “Bankruptcy Code” means the United States Bankruptcy Code, 11 U.S.C. § 101 et seq.

(e) “Business Day” means any day except a Saturday, Sunday or a day on which the Federal Reserve member banks are required or authorized to close for business. A Business Day shall open at 08:00 Eastern Prevailing Time and close at 17:00 Eastern Prevailing Time. Notwithstanding the foregoing, with respect to notices only, Business Day shall not include the Friday immediately following the U.S. Thanksgiving holiday or the Monday immediately following Easter Sunday.

(f) “Buyer” has the meaning set forth in the preamble to this Agreement.

(g) “CFTC” means the United States Commodity Futures and Trade Commission or any successor.

(h) “CFTC Regulations” means the rules, regulations, orders and interpretations published or issued by the CFTC.

(i) “Claiming Party” means the Party that is claiming that a Force Majeure event has prevented such Party from performing its obligations under this Agreement.

(j) “Claims” means all third party claims or actions, threatened or filed, that directly or indirectly relate to the subject matter of an indemnity, and the resulting losses, damages and expenses (including reasonable attorney’s fees and court costs), whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior or after the termination of this Agreement.

(k) “Collateral Annex” has the meaning set forth in Section 11.1.

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- (l) "Commercial Operation Date" has the meaning set forth in the Transmission Service Agreement.
- (m) "Commodity Exchange Act" means the United States Commodity Exchange Act, as amended, 7 U.S.C. § 1 et seq.
- (n) "Confirm" has the meaning set forth in Section 5.6.
- (o) "Contract Capacity" has the meaning set forth in the Transmission Service Agreement.
- (p) "Contract Year" has the meaning set forth in Section 5.4.
- (q) "Costs" means, with respect to the Non-Defaulting Party, brokerage fees, commissions and other similar third-party transaction costs and expenses reasonably expected to be incurred by such Party to terminate any arrangement pursuant to which such Party has hedged its obligations under this Agreement or to enter into new arrangements to replace this Agreement, together with all costs (including reasonable attorneys' fees and expenses) incurred by the Non-Defaulting Party in connection with the Event of Default(s) that gave rise to the early termination of this Agreement, including all reasonable attorneys' fees and expenses incurred by the Non-Defaulting Party in connection with the early termination of this Agreement.
- (r) "CPR" has the meaning set forth in Section 12.1.
- (s) "Credit Rating" means, with respect to any Person, on any date of determination, the respective ratings then assigned to such Person's unsecured, senior long-term debt or deposit obligations (not supported by third-party credit enhancement, except that the standing guaranty of the province of Québec in favor of Seller's Guarantor shall not be considered to constitute "third-party credit enhancement" for purposes of this definition) by S&P, Moody's or another specified rating agency or agencies, or, if such Person does not have a rating for its unsecured, senior long-term debt or deposit obligations, then to the ratings then assigned to such Person as an "issuer" or its "corporate credit rating" by S&P or Moody's.
- (t) "Day-Ahead Adjusted Load Obligation" has the meaning set forth in the ISO-NE Tariff.
- (u) "Day-Ahead Energy Market" has the meaning set forth in the ISO-NE Tariff.
- (v) "Day-Ahead Internal Bilateral Transaction Trading Deadline" has the meaning set forth in the ISO-NE Documents.
- (w) "Day-Ahead Locational Marginal Prices" means Day-Ahead Locational Marginal Prices for energy, as calculated by ISO-NE in accordance with ISO Market Rule 1 and the appendices set forth in Section III of the ISO-NE Tariff.
- (x) "Defaulting Party" has the meaning set forth in Section 9.1.

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- (y) "Delivery Point" means the southern terminus of the Northern Pass Transmission Line at the Deerfield substation in the State of New Hampshire. If the entirety of the AC Line has been designated pool transmission facilities by the ISO-NE and transferred to PSNH, then the Delivery Point shall be the southern terminus of the HVDC Line at the DC/AC converter station located near the Webster substation in the City of Franklin in the State of New Hampshire, and if less than the entirety of the AC Line has been designated as pool transmission facilities by the ISO-NE, then the Delivery Point shall be as defined in the Transmission Service Agreement.
- (z) "Dispute Notice" has the meaning set forth in Section 12.1.
- (aa) "EA Daily Contract Quantity" has the meaning set forth in Section 5.7.
- (bb) "Early Termination Date" has the meaning set forth in Section 9.2.
- (cc) "Effective Date" has the meaning set forth in the preamble to this Agreement.
- (dd) "Energy" means three (3)-phase, sixty (60) hertz, alternating current electrical energy.
- (ee) "Energy Product" means Qualified Clean Energy transacted through an Internal Bilateral Transaction at the Sales Point in conformance with the Energy Profile. For the avoidance of doubt, the Energy Product shall not include any capacity.
- (ff) "Energy Product Price" means the price per megawatt-hour, calculated in accordance with the formula set forth in Section 5.5, to be paid by Buyer for the purchase of the Energy Product.
- (gg) "Energy Profile" has the meaning set forth in Section 5.3.
- (hh) "Energy Quantity" has the meaning set forth in Section 5.2.
- (ii) "Environmental Attributes" means all environmental characteristics, claims, credits, benefits, emission reductions, offsets, allowances, allocations, howsoever characterized, denominated, measured or entitled, associated with the Energy Product, whether existing as of the Effective Date or thereafter in the future, and all other generation attributes under any international, Canadian, United States, federal, regional, state or other law (including any renewable portfolio standard), rule, regulation, bylaw, treaty or other intergovernmental compact, administrative or other decision, program (including the Regional Greenhouse Gas Initiative or any other voluntary compliance or membership program), competitive market or business method (including any internal program) *provided, however*, that Environmental Attributes shall exclude Energy and any capacity, ancillary services, reliability or other power attributes of electricity and any tax or other financial incentives (other than feed-in tariffs) enacted for the production of electric energy from renewable resources or investments in property that uses renewable resources to produce electric energy.

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- (jj) “Environmental Attributes Product” has the meaning set forth in Section 5.7.
- (kk) “Environmental Attributes Quantity” has the meaning set forth in Section 5.7.
- (ll) “Equitable Defenses” means any bankruptcy, insolvency, reorganization and other laws affecting creditors’ rights generally, and, with regard to equitable remedies, the discretion of the court before which proceedings may be pending to obtain same.
- (mm) “Event of Default” has the meaning set forth in Section 9.1.
- (nn) “Eversource Energy” means Eversource Energy, a public utility holding company organized and existing as a business trust under the laws of the Commonwealth of Massachusetts.
- (oo) “Federal Power Act” means the United States Federal Power Act of 1935, as amended, 16 U.S.C. § 791a et seq.
- (pp) “FERC” means the Federal Energy Regulatory Commission or any successor regulatory agency that administers the Federal Power Act.
- (qq) “FERC Jurisdictional Dispute” has the meaning set forth in Section 12.1.
- (rr) “Final Order” means an order that is no longer subject to either rehearing by the NHPUC or to judicial appeal.
- (ss) “Force Majeure” means any event or circumstance that prevents the Claiming Party from performing its obligations, in whole or in part, under this Agreement, which event or circumstance is not within the reasonable control of, or the result of the negligence of, the Claiming Party, and which event or circumstance, by the exercise of due diligence, the Claiming Party is unable to overcome or avoid or cause to be avoided. Without limiting the generality of the foregoing, Force Majeure shall include the following, but only to the extent that the foregoing conditions are satisfied: acts of God; war, terrorism, riot or insurrection; blockades; embargoes; sabotage; vandalism; epidemics; explosions and fires; drought; sudden actions of the elements, including earthquakes, hurricanes, tornadoes, floods, blizzards, ice storms, thunderstorms, lightening and other abnormal weather conditions; national or regional strikes, lockouts, slowdowns or other labor disputes; unavailability of transmission service over the NPT Line or Québec Line. Force Majeure shall not be based on (i) the loss of markets or changes in market conditions, (ii) Buyer’s inability economically to use or resell the Product(s) purchased hereunder, (iii) the financial inability of any Person to perform its obligations or other economic hardship, (iv) the failure of the Claiming Party to satisfy any legal or contractual obligation *provided* the failure is not due to an event of Force Majeure, or (v) Seller’s ability to sell the Product(s) at a price greater than as set forth in this Agreement.
- (tt) “Gains” means, with respect to any Party, an amount equal to the present value of the economic benefit to such Party, if any (exclusive of Costs), resulting from the termination of this Agreement, as determined in a commercially reasonable manner.

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(uu) “Governmental Authority” means any government or agency or other political subdivision thereof, including any province, state or municipality, or any other governmental, quasi-governmental, judicial, executive, legislative, administrative, regulatory, public or statutory instrumentality, authority, body, agency, commission, department, board, bureau or entity exercising judicial, executive, legislative, administrative or regulatory functions, any court or arbitrator with authority to bind a party at law, and shall include, to the extent exercising powers delegated by any Governmental Authority acting under applicable law, NERC and ISO-NE.

(vv) “Governmental Charges” means any federal, state, local, municipal or non-U.S. taxes, including ad valorem, property, occupation, severance, emissions, generation, first use, conversion, processing, carbon, Btu or energy, transmission, utility, withholding, gross receipts, privilege, sales, use, excise, transaction, import duties and charges, customs broker fees and other costs of importation, non-U.S. value-added taxes, other non-U.S. taxes or charges and other taxes, governmental charges, licenses, fees, permits and assessments or increases in any of the foregoing, including any interest, penalty or addition thereto, whether disputed or not.

(ww) “HQP” means Hydro-Québec Production, a division of Hydro-Québec.

(xx) “HQP Generation Mix” means HQP’s generation mix in the province of Québec, which generation mix shall be comprised of not less than one hundred percent (100%) hydroelectricity and shall be calculated by Seller for each calendar year based on the Energy generated by facilities owned by HQP in the province of Québec during such year, but excluding such Energy in respect of which Environmental Attributes have been sold to Persons other than Buyer.

(yy) “HRE” has the meaning set forth in the preamble to this Agreement. As of the Effective Date, HRE is a wholly-owned, indirect subsidiary of Hydro-Québec.

(zz) “Hydro-Québec” means Hydro-Québec, a body politic and corporate, duly incorporated and regulated by the Hydro-Québec Act (R.S.Q., Chapter H-5).

(aaa) “Hydro-Québec Guaranty” has the meaning set forth in Section 11.2.

(bbb) “ICC” has the meaning set forth in Section 12.2.

(ccc) “ICC Court” has the meaning set forth in Section 12.2.

(ddd) “Indemnified Party” has the meaning set forth in Section 15.11.

(eee) “Indemnifying Party” has the meaning set forth in Section 15.11.

(fff) “Interest Rate” means, for any date, the lesser of (i) the per annum rate of interest equal to the prime lending rate as may from time to time be published in The Wall Street Journal under “Money Rates” on such day (or, if not published on such day, on the most recent preceding day on which published), plus two hundred (200) basis points and (ii) the maximum rate permitted by applicable law.

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(ggg) “Internal Bilateral Transaction” or “IBT” means an internal bilateral transaction for Energy that applies in the Day-Ahead Energy Market or Real-Time Energy Market under which Buyer receives a reduction in its Day-Ahead Adjusted Load Obligation or Real-Time Adjusted Load Obligation, in each case, as calculated by ISO-NE, and Seller receives a corresponding increase in its Day-Ahead Adjusted Load Obligation or Real-Time Adjusted Load Obligation, in each case, as calculated by ISO-NE, in the amount of the sale, in MW per hour.

(hhh) “ISO-NE” means ISO New England Inc. or any successor that serves as the regional transmission organization for the region.

(iii) “ISO-NE Documents” means the ISO-NE Tariff, Participants Agreement and all ISO-NE manuals, rules, procedures, process documents, agreements or other documents relating to the reliable operation of the electric system in New England and the purchase and sale of Energy or environmental attributes and the related wholesale power markets in New England, as such govern market participants with respect thereto in the operating jurisdiction of ISO-NE, as in effect from time to time; *provided* that such ISO-NE Tariff, Participants Agreement or ISO-NE manuals, rules, procedures, process documents, agreements or other documents are publicly accessible or otherwise available to the Parties.

(jjj) “ISO-NE Tariff” means the ISO New England Inc. Transmission, Markets and Services Tariff, FERC Electric Tariff No. 3, on file with FERC, as the same may be amended or otherwise modified from time to time, or any successor tariff accepted by FERC.

(kkk) “Losses” means, with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from termination of this Agreement, as determined in a commercially reasonable manner.

(lll) “Mass Hub Forward Price” means the Mass Hub (ISO-NE # 4000) (a/k/a Internal Hub) forward on-peak (5X16) price for settlement corresponding to (a) calendar forwards if the upcoming Contract Year is a full twelve-month year or (b) monthly forwards if the upcoming Contract Year is a less than twelve-month during the upcoming Contract Year.

(mmm) “Moody’s” means Moody’s Investors Service, Inc.

(nnn) “MW” means megawatts.

(ooo) “MWh” means megawatt-hours.

(ppp) “NEPOOL Documents” means the RNA and the NEPOOL GIS Operating Rules.

(qqq) “NEPOOL GIS” means the New England Power Pool Generation Information System or any successor tracking and/ or certificate system or other tracking and/ or certificate system that accounts for generation attributes of electricity generated or consumed within New England.

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(rrr) “NEPOOL GIS Certificate” means an electronic record produced by the NEPOOL GIS that identifies the relevant generation attributes of each MWh accounted for in the NEPOOL GIS.

(sss) “NEPOOL GIS Certificate Not Substituted” means, the positive difference, if any between the Shortfall Amount and the Substitute NEPOOL GIS Certificates.

(ttt) “NEPOOL GIS Operating Rules” means the New England Power Pool Generation Information System Operating Rules, as in effect from time to time.

(uuu) “NEPOOL Participant” has the meaning set forth in the ISO-NE Documents.

(vvv) “NERC” means the North American Electric Reliability Council or any successor organization thereto.

(www) “NERC Holiday” means a holiday recognized by NERC.

(xxx) “New England” means, collectively, the State of New Hampshire, State of Maine, State of Vermont, Commonwealth of Massachusetts, State of Rhode Island and State of Connecticut.

(yyy) “New England Market” means the New England region for which ISO-NE serves as the regional transmission organization.

(zzz) “NHPUC” means the New Hampshire Public Utility Commission or any successor organization thereto.

(aaaa) “Non-Defaulting Party” has the meaning set forth in Section 9.2.

(bbbb) “Notice of Intent to Arbitrate” has the meaning set forth in Section 12.1.

(cccc) “NPT Line” has the meaning set forth in the recitals to this Agreement.

(dddd) “On-Peak Hours” means the hour ending 08:00 Eastern Prevailing Time through the hour ending 23:00 Eastern Prevailing Time, Monday through Friday, excluding NERC Holidays.

(eeee) “Participants Agreement” means the Participants Agreement among ISO New England Inc. as the Regional Transmission Organization for New England and the New England Power Pool and the entities that are from time to time parties thereto constituting the Individual Participants, dated as of _____, 2004, as the same may be amended or otherwise modified from time to time, or any successor thereto accepted by FERC.

(ffff) “Party” and “Parties” have the meaning set forth in the preamble to this Agreement.

(gggg) “Performance Assurance” has the meaning set forth in the Collateral Annex.

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(hhhh) “Person” means an association, a corporation, an individual, a partnership, a limited liability company, an unlimited liability company, a trust, a Governmental Authority or any other legal person, commercial entity or organization.

(iiii) “Pricing Notice” has the meaning set forth in Article Three.

(jjjj) “Products” means (i) the Energy Product and (ii) the Environmental Attributes Product.

(kkkk) “Program” means any federal law or State statute or regulation with respect to renewable Energy, emissions reduction or any product reporting rights program, scheme or organization, or other similar program with respect to which exists a market, registry or reporting for the Environmental Attributes; *provided, however*, that large scale hydro-electric energy resources located in the province of Québec are eligible under the renewable Energy standard established by such program, scheme or organization.

(llll) “PSNH” has the meaning set forth in the preamble to this Agreement. As of the Effective Date, PSNH is a wholly-owned, direct subsidiary of Eversource Energy.

(mmmm) “Qualified Clean Energy” means Energy associated with HQP Generation Mix delivered into the New England Market.

(nnnn) “Québec Line” means a new high-voltage direct current transmission line, extending from the converter station at the Des Cantons substation in the province of Québec and connecting the NPT Line at the U.S. border.

(oooo) “Québec System Mix” means the generation mix associated with deliveries of Energy originating from the province of Québec, as may be designated by the NEPOOL GIS.

(pppp) “Real-Time Adjusted Load Obligation” has the meaning set forth in the ISO-NE Tariff.

(qqqq) “Real-Time Energy Market” has the meaning set forth in the ISO-NE Tariff.

(rrrr) “Real-Time Locational Marginal Prices” means Real-Time Locational Marginal Prices for energy, as calculated by ISO-NE in accordance with ISO Market Rule 1 and the appendices set forth in Section III of the ISO-NE Tariff.

(ssss) “Regulatory Change” has the meaning set forth in Article Fourteen.

(tttt) “Reporting Party” has the meaning set forth in Section 15.13.

(uuuu) “RNA” means the New England Power Pool Second Restated NEPOOL Agreement, dated as of September 1, 1971, as the same may be amended or otherwise modified from time to time, governing the relationship among the NEPOOL Participants.

(vvvv) “Rules” has the meaning set forth in Section 12.2.

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(www) “S&P” means Standard & Poor’s Ratings Group, a division of McGraw-Hill, Inc.

(xxxx) “Sales Point” means the southern terminus of the Northern Pass Transmission Line at the Deerfield substation in the State of New Hampshire. If the entirety of the AC Line has been designated pool transmission facilities by the ISO-NE and transferred to PSNH, then the Sales Point shall be the southern terminus of the HVDC Line at the DC/AC converter station located near the Webster substation in the City of Franklin in the State of New Hampshire, and if less than the entirety of the AC Line has been designated as pool transmission facilities by the ISO-NE, then the Sales Point shall be the Delivery Point as such term is defined in the Transmission Service Agreement.

(yyyy) “Schedule” and “Scheduling” have the meaning set forth in Section 5.5(c)(ii).

(zzzz) “Seller” has the meaning set forth in the preamble to this Agreement.

(aaaa) “Seller’s Guarantor” means Hydro-Québec.

(bbbb) “Shortfall Amount” means the sum of (a) the number of Substitute NEPOOL GIS Certificates purchased by Buyer, acting in a commercially reasonable manner, multiplied by the lesser of (i) the weighted average price of such Substitute NEPOOL GIS Certificates, expressed as an amount per MWh, plus the weighted average out-of-pocket charges or costs, expressed as an amount per MWh, reasonably incurred by Buyer (including any brokerage fees incurred by Buyer) in purchasing such Substitute NEPOOL GIS Certificates, and (ii) an amount, expressed as an amount per MWh, equal to the alternative compliance payment under the applicable Program in the State of New Hampshire, and (b) the number of NEPOOL GIS Certificate Not Substituted multiplied by an amount, expressed as an amount per MWh, equal to the alternative compliance payment under the applicable Program in the State of New Hampshire.

(cccc) “Shortfall Quantity” means, for any Contract Year, the positive difference, if any, between (a) the Environmental Attributes Quantity for such Contract Year, and (b) the quantity of Environmental Attributes Quantity that Seller transferred to Buyer pursuant to Section 5.7 for such Contract Year.

(dddd) “Substitute NEPOOL GIS Certificates” means substitute NEPOOL GIS Certificates based on large hydropower generation that qualifies under the Program applicable in the State of New Hampshire

(eeee) “Term” has the meaning set forth in Section 4.1.

(ffff) “Termination Payment” means, with respect to the Non-Defaulting Party, the Losses or Gains, together with the Costs, which the Non-Defaulting Party incurs as a result of the early termination of this Agreement pursuant to Section 9.2(b), plus (without duplication) any unpaid amounts owed to the Non-Defaulting Party by the Defaulting Party that accrued prior to the applicable Early Termination Date, minus (without duplication) any unpaid amounts owed

to the Defaulting Party by the Non-Defaulting Party that accrued prior to the such Early Termination Date.

(ggggg) “Threshold Amount” means Five millions dollars (\$5,000,000.).

(hhhhh) “Third Party Power Sales Agreement” means a valid and binding agreement between HRE or HRE’s Affiliate and any entity other than an Affiliate of either Party pursuant to which HRE or HRE’s Affiliate, as applicable, agrees to sell, and such entity agrees to purchase, Energy and environmental attributes substantially equivalent to the Energy Product and the Environmental Attributes Product; *provided, however*, that (i) the quantity of Energy under such Third Party Power Sales Agreement (A) is not less than the Energy Quantity, (B) includes the same Energy Profile, and (C) is delivered at the same Sales Point, and (ii) the period of time during which such products are required thereunder to be delivered is not less than ten (10) years; *provided, however*, that, if such Third Party Power Sales Agreement contains any conditions precedent to the obligations of the parties thereto to schedule, deliver or accept the products under such Third Party Power Sales Agreement, then such Third Party Power Sales Agreement shall not be deemed to be valid and binding until all such conditions precedent are satisfied or duly waived.

(iiiiii) “TransÉnergie” means Hydro-Québec TransÉnergie, the division of Hydro-Québec that operates Hydro-Québec’s transmission system.

(jjjjj) “TransÉnergie OATT” means the Hydro-Québec Open Access Transmission Tariff, as amended or accepted by the Régie de l’énergie from time to time.

(kkkkk) “Transmission Service Agreement” means the Transmission Service Agreement entered into as of October 4, 2010 by and between Northern Pass Transmission LLC and HRE, as the same may be amended or otherwise modified from time to time.

(lllll) “TTC” means the total transfer capability of the NPT Line, as defined in, and established in accordance with, the ISO-NE Tariff and determined by ISO-NE for each hour.

1.2 Rules of Usage. In this Agreement, unless the context otherwise requires, the following rules shall apply to the usage of terms:

(a) The singular shall include the plural and vice versa, and any pronoun shall include the corresponding masculine, feminine and neuter forms. If a term is defined as one part of speech (such as a noun), then it shall have a corresponding meaning when used as another part of speech (such as a verb).

(b) The word “or” shall have the inclusive meaning represented by the phrase “and/or.”

(c) The words “hereof,” “herein,” “hereto” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(d) The words “include,” “includes” and “including” shall be deemed to be followed by “without limitation” or “but not limited to,” whether or not they are in fact followed by such

words or words of like import.

(e) Any reference in this Agreement to an Article, Section or other subdivision or to an Appendix or other attachment shall be references to an article, section or other subdivision of, or to an appendix or other attachment to, this Agreement, and all such Articles, Sections, subdivisions, Appendices and attachments are incorporated into this Agreement by reference (all of which comprise part of one and the same agreement with equal force and effect).

(f) Any references in this Agreement to any statute shall be deemed to refer to such statute, as amended from time to time, including by succession of comparable successor statute, and all rules and regulations promulgated thereunder. In the event any index or publication referenced in this Agreement ceases to be published or a concept defined by reference to any such index or publication ceases to exist, each such reference shall be deemed to be a reference to a successor or alternate index, publication or concept reasonably agreed to by the Parties. A reference to a given agreement or instrument, and all schedules and attachments thereto, shall be a reference to that agreement or instrument as modified, amended, supplemented and restated, and as in effect from time to time.

(g) References to any Person also include its successors and permitted assigns.

(h) In the computation of periods of time, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding."

(i) Whenever any action must be taken under this Agreement on or by a day that is not a Business Day, such action may be validly taken on or by the next day that is a Business Day, and, in the case of payments (including refunds of payments), no interest shall accrue on the amount due; *provided* that such payment is made in full on the next day that is a Business Day.

(j) All references to prices, values or monetary amounts referred to in this Agreement shall be paid in United States currency.

ARTICLE TWO: CONDITIONS PRECEDENT

2.1 Conditions Precedent: Effectiveness of Agreement. This Agreement shall become effective upon the Effective Date.

(a) Notwithstanding the first sentence in this Section 2.1, Seller shall have no obligation to Schedule or deliver the Products until the following conditions have been satisfied or duly waived:

(i) Hydro-Québec has received an electricity export permit for the benefit of Seller hereunder from the National Energy Board of Canada, without conditions or with conditions acceptable to Hydro-Québec and Seller, in their sole discretion;

(ii) Seller has received a final order issued by FERC under Section 205 of the Federal Power Act authorizing HRE to make sales of Energy and related products at market-based rates, without conditions or with conditions acceptable

to Seller, in its sole discretion;

(iii) HRE has executed and delivered a counterpart to the RNA and has otherwise completed all of the steps and documents required to register as a NEPOOL Participant and as a market participant with ISO-NE;

(iv) The Québec Line has been constructed and commissioned in all material respects consistent with the design criteria, system performance requirements and operating standards set forth in the applicable transmission service agreement with TransÉnergie, the Québec Line has achieved commercial operation and the demonstrated real-power transfer capability of the Québec Line, subject to any operating restrictions required by applicable law, has a nominal rating of not less than 1,090 MW; and

(v) The Commercial Operation Date has occurred.

The conditions referenced in Section 2.1(a) may be waived only by Seller, acting in its sole discretion.

(b) Notwithstanding the first sentence in this Section 2.1, Buyer shall have no obligation to Schedule, accept or pay for such Products until the following condition has been satisfied or duly waived: Buyer has received a Final Order issued by NHPUC approving this Agreement and the full recovery of the costs and charges incurred under this Agreement, without conditions or with conditions acceptable to Buyer, in its sole discretion.

The condition referenced in Section 2.1(b) may be waived only by Buyer, acting in its sole discretion.

2.2 Rights and Obligations as to Governmental Approvals.

Each of the approvals referenced in Section 2.1 shall be deemed to have been received upon issuance of an approval as to which (a) no request for rehearing or reconsideration is pending, (b) no stay is in effect and no request for a stay is pending and (c) no appeal is pending after the expiration of the applicable appeal period.

2.3 Failure to Satisfy Conditions Precedent: Remedies; Termination.

(a) Seller may terminate this Agreement by written notice to Buyer in the event any of the following occurs:

(i) As of December 31, 2018 (or such other date as the Parties may mutually agree in writing), Hydro-Québec has failed to receive an electricity export permit for the benefit of Seller hereunder from the National Energy Board of Canada and the same has not been duly waived;

(ii) As of December 31, 2018 (or such other date as the Parties may mutually agree in writing), Hydro-Québec has received an electricity export permit for the benefit of Seller hereunder from the National Energy Board of

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Canada with conditions, and Seller provides notice to Buyer within ten (10) Business Days after receipt of such export permit that such conditions are not acceptable to Seller, as determined in Seller's sole discretion, and the same has not been duly waived;

(iii) As of December 31, 2018 (or such other date as the Parties may mutually agree in writing), Seller has failed to receive a final order issued by FERC under Section 205 of the Federal Power Act authorizing HRE to make sales of Energy and related products at market-based rates;

(iv) As of December 31, 2018 (or such other date as the Parties may mutually agree in writing), Seller has received a final order issued by FERC under Section 205 of the Federal Power Act authorizing HRE to make sales of Energy and related products at market-based rates with conditions, and Seller provides notice to Buyer within ten (10) Business Days after the receipt of such final order that such conditions are not acceptable to Seller, as determined in Seller's sole discretion, and the same has not been duly waived;

(v) As of December 31, 2018 (or such other date as the Parties may mutually agree in writing), the condition referenced in Section 2.1(a)(iii) has not been satisfied or duly waived;

(vi) As of December 31, 2019 (or such other date as the Parties may mutually agree in writing), the condition referenced in Section 2.1(a)(iv) (Québec Line) has not been satisfied or duly waived; and

(vii) As of December 31, 2019 (or such other date as the Parties may mutually agree in writing), the condition referenced in Section 2.1(a)(v) has not been satisfied or duly waived.

(b) Buyer may terminate this Agreement in the event that as of December 31, 2018 (or such other date as the Parties may mutually agree in writing), Buyer has not received a Final Order approving this Agreement and the recovery of all costs incurred under or associated with this Agreement issued by the NHPUC in a form acceptable to Buyer as determined in Buyer's sole discretion, and Buyer provides notice to Seller within ten (10) Business Days after the receipt of such Final Order that such Final Order is not acceptable to Buyer.

(c) Upon any termination of this Agreement pursuant to Section 2.3(a) or 2.3(b), no Party shall have any liability to the other Party under this Agreement. In the event a Party fails to terminate this Agreement within ten (10) Business Days after the event giving rise to the applicable termination right in Section 2.3(a) or 2.3(b) has occurred, which event, in the case of Section 2.3(a)(ii), 2.3(a)(iv), or 2.3(b), shall be deemed to have occurred upon receipt of the applicable approval, such termination right shall be deemed to have been duly waived.

ARTICLE THREE: THIRD PARTY POWER SALES

If, at any time prior to the tenth (10th) anniversary of the Commercial Operation Date, Seller enters into a Third Party Power Sales Agreement, then Seller shall give notice to Buyer of

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such occurrence within ten (10) Business Days thereafter, which notice shall include the pricing terms of such agreement ("Pricing Notice"), and Buyer shall have the right, exercisable by written notice to Seller within ninety (90) days after Buyer's receipt of the Pricing Notice, to accept such pricing terms in whole in lieu of the pricing terms hereunder solely for and during the duration of the delivery term of such Third Party Sales Agreement or the remaining Term, whichever is shorter, and the pricing terms hereunder shall be reinstated thereafter and Buyer shall have no further right to accept the pricing terms of any Third Party Power Sales Agreement. In the event Buyer timely exercises any right under this Article Three, Seller and Buyer shall amend this Agreement to reflect such pricing terms. In the event Buyer fails to timely exercise any right under this Article Three, such right shall be deemed to have been waived. Furthermore, if Seller enters into an agreement with a third party for the sale of NEPOOL GIS Certificates associated with Energy produced by specific large hydro-electric generating stations located in the province of Québec and owned and operated by Hydro-Québec delivered over the NPT Line rather than an agreement for the transfer of the Environmental Attributes Product from Québec System Mix or HQP Generation Mix, as provided herein, then Seller shall give notice to Buyer of such occurrence and shall provide unit specific NEPOOL GIS Certificates to Buyer rather than Québec System Mix NEPOOL GIS Certificates or HQP Generation Mix NEPOOL GIS Certificates.

ARTICLE FOUR: TERM OF AGREEMENT

4.1 Term. The "Term" shall commence upon the Effective Date and, unless earlier terminated pursuant to the terms hereof, shall expire on the earlier date to occur of (a) the twentieth (20th) anniversary of the Commercial Operation Date; or (b) the date on which the Transmission Service Agreement is terminated in accordance with its terms. Subject to Section 4.2, upon termination of this Agreement pursuant to this Section 4.1, no Party shall have any liability to the other Party under this Agreement.

4.2 Survival of Rights and Obligations. At the expiration or earlier termination of the Term, the Parties shall no longer be bound by the terms and provisions hereof, except (a) to the extent necessary to provide invoices and make payments or refunds with respect to Products delivered prior to such expiration or termination, (b) for accrued but unpaid payment obligations hereunder, (c) for costs and expenses (including reasonable attorneys' fees and expenses) incurred by such Party to recover any accrued but unpaid payment obligations hereunder or to secure the release of any Performance Assurance or other security provided by or on behalf of such Party and (d) for Articles Ten and Twelve, Sections 15.8, 15.10 and 15.11 and such other provisions that, by their nature, survive the expiration or earlier termination of this Agreement.

ARTICLE FIVE: PRODUCTS

5.1 Energy Product. Subject to the terms and conditions of this Agreement, commencing on the Commercial Operation Date and continuing through the end of the Term, Seller shall perform its obligations to Schedule and sell, and Buyer shall perform its obligation to Confirm and purchase, the Energy Product supplied by Seller in accordance with this Agreement and credited to Buyer's ISO-NE account at the Sales Point, in each case (a) in an amount equal to the Energy Quantity set forth in Section 5.2, (b) in accordance with the Scheduling procedures set forth in Sections 5.3 and 5.5(c)(ii) and (c) at the Energy Product Price set forth in Section 5.5.

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5.2 Energy Quantity. Subject to the terms and conditions of this Agreement, the Energy Quantity shall be an amount of Qualified Clean Energy equal to the lesser of (a) 100 MW or (b) an amount corresponding to ten percent (10%) of the Contract Capacity (the “Energy Quantity”).

5.3 Energy Profile. Subject to Scheduling obligations of Section 5.5(c)(ii), the full Energy Quantity shall be Scheduled for all On-Peak Hours during which the TTC is not reduced below the Energy Quantity as a result of (a) an event of Force Majeure, (b) a planned outage or (c) an unplanned outage if and to the extent such unplanned outage lasts more than seventy-two (72) consecutive hours (the “Energy Profile”).

5.4 Contract Year. Subject to Section 2.1, the first Contract Year shall commence on the Commercial Operation Date and terminate on the following December 31st and each subsequent Contract Year shall commence on January 1st and terminate on the following December 31st, except that the final Contract Year shall terminate at the end of the Term (any such first Contract Year, subsequent Contract Year or final Contract Year, a “Contract Year”).

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5.6 Energy Scheduling and Confirmation. By the applicable Day-Ahead Internal Bilateral Transaction Trading Deadline and in accordance with all applicable ISO-NE Documents, (a) Seller shall submit an Internal Bilateral Transaction, consistent with the Energy Profile, for the Energy Quantity for settlement in the Day-Ahead Energy Market at the Sales Point with marginal loss adjustment not applying (such actions by Seller shall constitute the “Schedule” or “Scheduling” obligations) and (b) Buyer shall confirm such submitted Internal Bilateral Transaction for the Day-Ahead Energy Market (such actions by Buyer shall constitute the “Confirm” or “Confirmation” obligations). Each of Seller and Buyer shall perform its respective submission and confirmation obligations in accordance with the ISO-NE Documents.

5.7 Environmental Attributes.

(a) Environmental Attributes Product Definition. Subject to the terms and conditions of this Agreement, for each Contract Year, Seller shall transfer, and Buyer shall accept the transfer of, all right, title and interest in and to the Environmental Attributes associated with the Energy Product supplied by Seller to Buyer as described in Section 5.1 (such Environmental Attributes, the “Environmental Attributes Product”). The amount of the Environmental Attributes Product to be transferred to Buyer is referred to herein as the “Environmental Attributes Quantity.”

(b) Environmental Attributes Quantity. The Environmental Attributes Quantity shall be calculated each Contract Year. For each Contract Year, the “Environmental Attributes Quantity” shall be equal to the aggregate of the EA Daily Contract Quantity for each day corresponding to the Energy Profile for such Contract Year. For each day corresponding to the Energy Profile, the “EA Daily Contract Quantity” shall be equal to the product of (i) the lesser of (x) the Energy Quantity for each On-Peak Hour during such day and (y) ten percent (10%) of the lowest hourly TTC value for any On-Peak Hour during such day, multiplied by (ii) the number of On-Peak Hours during such day.

(c) Environmental Attributes Quantity Transfer.

(i) During the trading period (as specified in the NEPOOL Operating Rules) and no later than ten (10) Business Days prior to the close of each GIS trading period for trading periods Q1 through Q3 and forty-five (45) days prior to the close of the Q4 trading period, the Seller shall transfer, through the NEPOOL GIS using one or more transfers, to Buyer certificates representing the Environmental Attributes Quantity produced in the corresponding NEPOOL GIS quarter, and each such transfer shall be accepted by Buyer by the applicable prevailing deadline provided by the NEPOOL GIS (as specified in the NEPOOL GIS Operating Rules and in accordance with all applicable laws and NEPOOL Documents).

(ii) The Parties acknowledge that, as of the Effective Date, Energy transfers from Québec into the New England Market are recorded in the NEPOOL GIS as Québec System Mix and that the NEPOOL GIS permits the transfer of Québec System Mix certificates by Seller to Buyer as contemplated in this

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Agreement. In addition to the obligations relating to the transfer of unit – specific Environmental Attributes as contemplated in Article Three, the Parties shall use commercially reasonable efforts and shall act in good faith to cooperate toward having the NEPOOL GIS more accurately represent the HQP Generation Mix; provided, however, that neither Party shall have any obligation to incur costs in connection with the foregoing except to the extent associated with the transfer process referenced in Article Three.

(iii) The Parties further acknowledge and agree that, except as provided for in Article Three, Seller shall not be obligated to transfer certificates representing the Environmental Attributes Product if, during the Term, the NEPOOL GIS no longer permits the transfer of Québec System Mix certificate or, if applicable, HQP System Mix certificates or any other similar certificates, and there is no other Program reasonably available to facilitate the transfer of certificates representing the Environmental Attributes Product.

5.8 HQP Generation Mix: Attestation.

(a) On or before the later of (a) July 15 following any Contract Year or (b) fifteen (15) days after the last trading day of the NEPOOL GIS for any such applicable Contract Year (as specified in the NEPOOL GIS Operating Rules and in accordance with all applicable laws and NEPOOL Documents), Seller shall deliver to Buyer an attestation in the form of Appendix A (as may be subsequently amended by the mutual written agreement of the Parties) certifying the representations set forth in Sections 15.1(b) and 15.2 with respect to the Environmental Attributes Quantity delivered during the previous Contract Year and specifying the relative composition of Energy sources associated with the Environmental Attributes Product.

(b) To the extent Buyer or any of the Environmental Attributes Product is subject to any other certification or reporting requirements in addition to the NEPOOL GIS, Seller agrees to cooperate in good faith with Buyer for the certification or reporting requirements of the Environmental Attributes Product with the relevant Governmental Authority and shall provide such information available to Seller or its Affiliates regarding such Environmental Attributes Product, as requested by Buyer provided, however, that such collaboration shall not require Seller to incur any external costs or legal fees.

5.9 Cost Responsibility. Seller shall be responsible for all transmission interconnection, service and delivery charges, including all related ISO-NE or other Independent System Operator administrative fees, uplift, socialized charges, and all other charges in connection with the satisfaction of Seller's obligations hereunder and any costs, losses or charges imposed on or associated with the Energy Product up to the Sales Point. Buyer shall be responsible for all transmission interconnection, service and delivery charges, including all related ISO-NE or other Independent System Operator administrative fees, uplift, socialized charges, and all other charges in connection with the satisfaction of Buyer's obligations hereunder and any costs, losses or charges imposed on or associated with the Energy Product at and after the Sales Point, including transmission costs and ISO-NE administrative fees.

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5.10 Transfer of Title. Title to and risk of loss related to Qualified Clean Energy shall transfer from Seller to Buyer at the Sales Point, and the title and risk of loss related to the Environmental Attributes shall transfer to Buyer when the same is credited to Buyer's GIS account(s) or the GIS account(s) designated by Buyer.

5.11 General Conditions. The obligations of HRE under Sections 5.6, 5.7, 5.8, 5.9 and 5.10 of this Agreement are subject to (a) the condition precedent that no Event of Default with respect to PSNH under this Agreement or any other agreement with HRE or an Affiliate of HRE has occurred and is continuing, and (b) the condition precedent that no Early Termination Date has occurred or been effectively designated.

ARTICLE SIX: PAYMENT AND NETTING

6.1 Billing Period. The calendar month shall be the standard billing period for all payments under this Agreement. From and after the Commercial Operation Date, within ten (10) days after the end of each calendar month, Seller shall render to Buyer a single invoice specifying all accrued payment obligations, if any, incurred hereunder during the preceding calendar month.

6.2 Timeliness of Payment. All invoices under this Agreement shall be due and payable on the later date to occur of the twentieth (20th) day of each month or the tenth (10th) day after receipt of the invoice or, if such day is not a Business Day, then on the next Business Day. Each Party shall make payments by electronic funds transfer of immediately available funds, or by other mutually agreeable method(s), to the account designated by the other Party. Any amounts not paid by the due date shall be deemed delinquent and shall accrue interest at the Interest Rate, such interest to be calculated from the due date to the date the delinquent amount is paid in full.

6.3 Disputes and Adjustments of Invoices. Any Party may, in good faith, dispute the correctness of any invoice, or any adjustment thereto, rendered under this Agreement, and each Party shall adjust any invoice rendered under this Agreement for any error. In the event an amount or portion thereof is so disputed, payment of the undisputed amount shall be made when due and the dispute shall be resolved in accordance with Article Twelve. Upon resolution of the dispute, any required payment shall be made within two (2) Business Days of such resolution, along with interest accrued at the Interest Rate from the due date to the date paid in full. Inadvertent overpayments shall be returned upon request or deducted by the Party receiving such overpayment from subsequent payments hereunder. Any dispute with respect to an invoice shall be waived unless, within twelve (12) months after the later of the date the invoice is rendered or any applicable adjustment to that invoice is made, written notice of any disputed amount, including a statement as to the basis for the dispute, is given to the other Party. If an invoice is not rendered within twelve (12) months after the billing date for the month during which performance occurred, the right to payment therefor shall be deemed to be waived.

6.4 Invoice Support. Each invoice shall contain reasonable detail and the Party delivering such invoice shall provide additional documentation or information to support the charges reflected in such invoice as reasonably requested by the other Party.

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6.5 Netting of Payments. The Parties hereby agree that they may discharge all undisputed mutual debts and payment obligations due and owing to each other or past due under this Agreement as of the same date through netting, in which case, all such amounts due and owing or past due, including any damages, interest and payments or credits, may be netted so that only the excess amount remaining due under this Agreement shall be paid by the Party owing it. The Parties agree to provide each other with reasonable detail of such netting.

ARTICLE SEVEN: FORCE MAJEURE

7.1 Force Majeure; Limitations on Effect. To the extent the Claiming Party is prevented by Force Majeure from performing its obligations, in whole or in part, under this Agreement, such performance shall be excused and suspended (other than the obligation to make payments then due or becoming due with respect to performance prior to the Force Majeure) notwithstanding anything in this Agreement to the contrary. The Claiming Party shall (a) give prompt notice thereof, such notice may be given orally or in writing but, if given orally, it shall be promptly confirmed in writing and (b) provide details regarding the nature, extent and expected duration of the Force Majeure and its anticipated effect on the ability of the Claiming Party to perform its obligations under this Agreement. The Claiming Party shall proceed with reasonable diligence to remedy such inability to perform. At the request of the other Party, the Claiming Party shall update or supplement such notice to keep the other Party advised of the effect of, and remedial measures being undertaken to overcome, the Force Majeure. For the avoidance of doubt, the Parties hereby acknowledge and agree that neither Party shall be liable for any losses, damages or other amounts arising out of the failure to perform any obligations excused by Force Majeure. Further, for the avoidance of doubt, the Parties hereby acknowledge and agree that, to the extent Seller is prevented by Force Majeure from delivering at the Sales Point all or any part of the Energy Quantity committed to be sold to Buyer hereunder, such occurrence shall excuse Seller's failure to Schedule the corresponding Energy Product and to transfer the corresponding Environmental Attributes Product. Notwithstanding anything herein to the contrary, if an event of Force Majeure excuses full or partial performance under this Agreement for a continuous period of three hundred sixty-five (365) days or more, then the non-Claiming Party may, at any time thereafter during the continuance of such Force Majeure, terminate this Agreement by written notice to the other Party, without further obligation by either Party, except as provided in Section 4.2.

7.2 Labor Disputes. Neither Seller nor Buyer shall be required to settle any strike, lockout, slowdown or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to its interest. The settlement of strikes, lockouts, slowdowns or other labor disputes shall be within the sole discretion of the Party involved in such dispute.

ARTICLE EIGHT: AMOUNTS DUE IN EVENT OF CERTAIN FAILURES

8.1 Failure to Schedule and Deliver Energy Product.

(a) If, during any hour of the Energy Profile, Seller fails to Schedule and deliver all or any part of the Energy Product committed to be sold to Buyer hereunder, and such failure is not excused under the terms of the Energy Profile or by Buyer's failure to perform, then Seller shall

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pay or credit Buyer (at Buyer's election), for each MWh of the Energy Product so not Scheduled and delivered, the positive amount, if any, equal to the Day-Ahead Energy Locational Marginal Price at the Sales Point (or, if such price is unavailable, the most comparable location) for such hour, minus the Energy Product Price for such hour.

(b) If, during any hour of the Energy Profile, Buyer fails to Confirm all or any part of the Energy Product committed to be sold to Buyer hereunder, and such failure is not excused under the terms of the Energy Profile or by Seller's failure to perform, then Seller shall charge Buyer, for each MWh of the Energy Product so not Confirmed, the positive amount, if any, equal to the Energy Product Price for such hour, minus the Day-Ahead Energy Locational Marginal Price at the Sales Point (or, if such price is unavailable, the most comparable location) for such hour.

8.2 Failure to Transfer or Accept Environmental Attributes Product.

(a) If, during a Contract Year (i) a Program is in full force and effect in the State of New Hampshire and (ii) forty-five (45) days prior to the close of the Q4 trading period (as specified in the NEPOOL Operating Rules) there is a Shortfall Quantity, then Seller shall pay Buyer the Shortfall Amount.

(b) If, during a Contract Year (i) no Program is in full force and effect in the State of New Hampshire and (ii) forty-five (45) days prior to the close of the Q4 trading period (as specified in the NEPOOL Operating Rules) there is a Shortfall Quantity, then Buyer shall be entitled to the remedy of specific performance to enforce Seller's obligations to transfer the full amount of the Environmental Attributes Quantity pursuant to Section 5.7 or Section 5.8, as applicable.

(c) For the avoidance of any doubt, if, during a Contract Year, Buyer fails to accept the transfer of the full amount of the Environmental Attributes Quantity pursuant to Sections 5.7(a) and 5.7(c), then Seller shall be discharged of its obligation to transfer the quantity of Environmental Attributes that Buyer failed to timely accept and such quantity of Environmental Attributes shall not be accounted for in the calculation of the Shortfall Quantity.

ARTICLE NINE: EVENTS OF DEFAULT; REMEDIES

9.1 Events of Default. An "Event of Default" shall mean, with respect to a Party (a "Defaulting Party"), the occurrence of any of the following:

(a) the failure of such Party to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within three (3) Business Days after written notice thereof;

(b) any representation or warranty made by such Party herein is false or misleading when made or when deemed made or repeated if such inaccuracy has a material adverse effect, individually or in the aggregate, on the business, operations or financial condition of such Party or on the ability of the other Party to exercise its rights under this Agreement;

(c) with respect to Seller only, the unexcused failure by Seller to Schedule all or any part of the Energy Quantity and such failure occurs on thirty (30) or more days within any two (2) Contract Years;

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- (d) With respect to Seller only, the unexcused failure by Seller to transfer all or part of the Environmental Attributes Quantity and such failure is not remedied by Seller pursuant to Section 8.2;
- (e) with respect to Buyer only, the unexcused failure by Buyer to Confirm all or any part of the Energy Quantity and such failure occurs on thirty (30) or more days within any two (2) Contract Years;
- (f) such Party becomes Bankrupt;
- (g) such Party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of its predecessor under this Agreement by operation of law or pursuant to an agreement reasonably satisfactory to the other Party;
- (h) the failure of such Party to perform any obligation under the Collateral Annex if such failure is not remedied within the cure period specified therein or, if no cure period is specified therein, five (5) Business Days after written notice thereof;
- (i) the failure to perform any material obligation set forth in this Agreement (except to the extent constituting a separate Event of Default) if such failure is not remedied within ten (10) Business Days after written notice thereof, unless such cure shall reasonably require a longer period, in which case such Party shall be provided such additional period as necessary to complete such cure so long as such Party has promptly commenced such cure and thereafter diligently pursues and completes such cure;
- (j) with respect to Seller's Guarantor:
 - (i) any representation or warranty made by Seller's Guarantor in the Hydro-Québec Guaranty is false or misleading in any material respect when made or when deemed made or repeated if such inaccuracy has a material adverse effect, individually or in the aggregate, on the business, operations or financial condition of Seller;
 - (ii) the failure of Seller's Guarantor to make, when due, any payment required pursuant to the Hydro-Québec Guaranty if such failure is not remedied within the cure period specified in the Hydro-Québec Guaranty or, if no cure period is specified therein, three (3) Business Days after written notice thereof;
 - (iii) Seller's Guarantor becomes Bankrupt;
 - (iv) the failure of the Hydro-Québec Guaranty to be in full force and effect (unless terminated in accordance with its terms) without the written consent of Buyer; or
 - (v) Seller's Guarantor shall repudiate, disaffirm, disclaim or reject, in whole or in part, or challenge the validity of the Hydro-Québec Guaranty.

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9.2 Remedies. If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party (the “Non-Defaulting Party”) shall then have the right (a) to seek specific performance of the Defaulting Party’s obligations under this Agreement, (b) to designate a day, no later than ninety (90) days after such notice is effective, as an early termination date (“Early Termination Date”) to accelerate all amounts owed to the Non-Defaulting Party and terminate this Agreement, (c) to suspend performance of its non-payment obligations under this Agreement, (d) to deduct and setoff payment of any amount owed to the Non-Defaulting Party under this Agreement against payment of any amount owing by the Non-Defaulting Party under this Agreement or any other agreement between the Parties and (e) subject to the limitations set forth in Section 10.2, to exercise any other rights and remedies available at law or in equity other than suspension of payment obligations.

9.3 Calculation of Termination Payment. In the event the Non-Defaulting Party elects to terminate this Agreement pursuant to Section 9.2(b), the Non-Defaulting Party shall calculate, in a commercially reasonable manner, the Termination Payment as of the Early Termination Date; *provided, however*, that, if the Termination Payment is a negative amount, then the Termination Payment shall be deemed to be equal to zero (0) and the Defaulting Party shall be deemed to have waived its right to recover any unpaid amounts owed to it by the Non-Defaulting Party and all other remedies or damages that may be available at law or in equity. The Termination Payment shall be liquidated and due to the Non-Defaulting Party. Any Performance Assurance or other security held by a Party may be netted against any Termination Payment due to such Party.

9.4 Notice and Payment of Termination Payment. **AS SOON AS PRACTICABLE AFTER THE EARLY TERMINATION DATE, THE NON-DEFAULTING PARTY SHALL RENDER A NOTICE TO THE DEFAULTING PARTY OF THE AMOUNT OF THE TERMINATION PAYMENT, IF ANY, DUE TO THE NON-DEFAULTING PARTY. THE NOTICE SHALL INCLUDE A WRITTEN STATEMENT EXPLAINING IN REASONABLE DETAIL THE CALCULATION OF SUCH AMOUNT AND SHALL OTHERWISE BE PROVIDED IN ACCORDANCE WITH THE NOTICE PROVISION OF SECTION 15.5. THE TERMINATION PAYMENT SHALL BE DUE WITHIN TEN (10) DAYS AFTER SUCH NOTICE IS ISSUED.**

ARTICLE TEN: LIMITATIONS

10.1 Disclaimer of Warranties. EXCEPT AS SET FORTH IN SECTIONS 15.1(b) AND 15.2, THE PRODUCTS ARE SOLD WITHOUT WARRANTY OF ANY KIND AND THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED.

10.2 Limitation of Remedies, Liability and Damages. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR’S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT

LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT DAMAGES ONLY, SUCH DIRECT DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE.

ARTICLE ELEVEN: CREDIT PROVISIONS

11.1 Collateral Annex. Concurrently with the execution of this Agreement, the Parties shall execute and deliver a separate collateral agreement of even date herewith substantially in the form of Appendix B (such collateral agreement, as may be amended from time to time, the "Collateral Annex"). The Collateral Annex is made a part hereof as though fully set forth in this Agreement and, for the avoidance of doubt, any breach thereof shall be a breach hereof.

11.2 Seller's Guaranty. Concurrently with the execution of this Agreement, Seller shall cause Seller's Guarantor to deliver to Buyer a guaranty of Seller's payment obligations under this Agreement substantially in the form of Appendix C (the "Hydro-Québec Guaranty").

11.3 Financial Statements.

(a) When available upon request, Seller shall deliver to Buyer (i) audited consolidated financial statements of Seller's Guarantor for such fiscal year, prepared in accordance with generally accepted accounting principles, consistently applied and (ii) unaudited consolidated financial statements of Seller's Guarantor for such fiscal quarter, prepared in accordance with generally accepted accounting principles, consistently applied.

(b) Buyer shall deliver to Seller (i) within one hundred twenty (120) days following the end of each fiscal year of Buyer, audited consolidated financial statements of Buyer for such fiscal year, prepared in accordance with U.S. generally accepted accounting principles, consistently applied and (ii) to the extent Buyer prepares quarterly financial statements, within sixty (60) days following the end of each fiscal quarter of Buyer, unaudited consolidated financial statements of Buyer for such fiscal quarter, prepared in accordance with U.S. generally accepted accounting principles, consistently applied.

(c) Notwithstanding anything herein to the contrary, if any such financial statements are available electronically on "SEDAR" or "EDGAR" or on the website of Seller's Guarantor or Buyer, as applicable, by such deadline, then such financial statements shall be deemed to have been delivered hereunder.

ARTICLE TWELVE: ALTERNATIVE DISPUTE RESOLUTION

12.1 Dispute. In the event of any dispute, controversy or claim between the Parties arising out of or relating to this Agreement (including, for the avoidance of doubt, the Collateral Annex) (each, a "dispute"), the Parties shall attempt in the first instance to resolve such dispute through friendly consultations between the Parties. If, for any reason, such consultations do not

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result in a resolution of the dispute within ten (10) Business Days after written notice of the dispute ("Dispute Notice") has been delivered to either Party, then such dispute shall be referred to the senior management of the Parties for resolution. For the avoidance of doubt, the term "dispute" shall include any dispute concerning whether or not a dispute is subject to the exclusive jurisdiction of FERC for the purposes of Section 12.2 ("FERC Jurisdiction Dispute"). If, for any reason, the dispute has not been resolved within fifteen (15) Business Days after such referral to the senior management of the Parties, then, unless a Party gives written notice to the other Party that it intends to proceed directly with arbitration ("Notice of Intent to Arbitrate"), the Parties shall endeavor to settle the dispute by mediation under the then current International Institute for Conflict Prevention & Resolution ("CPR") Mediation Procedure; *provided, however*, that, where the dispute is or may be subject to FERC jurisdiction over wholesale power contracts, either Party may elect to proceed with the mediation through the FERC's Dispute Resolution Service. Unless otherwise mutually agreed, the Parties shall select a mediator from the CPR Panels of Distinguished Neutrals or the FERC panel, as appropriate.

12.2 Arbitration. Except in cases where the dispute is subject to the exclusive jurisdiction of FERC, any dispute that has not been resolved within thirty (30) days after the Dispute Notice has been delivered in accordance with Section 12.1, or, in the event a Notice of Intent to Arbitrate has been delivered in accordance with Section 12.1, any dispute that has not been resolved within thirty (30) days after the Dispute Notice has been delivered in accordance with Section 12.1, shall be finally resolved by binding arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce ("ICC") then in effect (the "Rules") except as modified herein. Notwithstanding the foregoing, any FERC Jurisdiction Dispute shall be determined by FERC. The seat of arbitration shall be New York, New York. If the amount in controversy is Five Million Dollars (\$5,000,000) or less (including all claims and counterclaims) and there is no claim or counterclaim for final injunctive or equitable relief, then the dispute shall be decided by a single arbitrator who shall be agreed upon by the Parties within fifteen (15) days after the receipt by a Party of a copy of the answer to the request for arbitration from the other Party. If the amount in controversy is more than Five Million Dollars (\$5,000,000) (including all claims and counterclaims) or there is a claim or counterclaim for final injunctive or equitable relief, then the dispute shall be decided by three (3) neutral and impartial arbitrators, of whom the claimant or claimants collectively, shall nominate one, and the respondents, or respondents collectively, shall nominate the other one, each within seven (7) days after the date of receipt of the answer to the request for arbitration. The third arbitrator, who shall chair the arbitral tribunal, shall be nominated by the Party-appointed arbitrators within fifteen (15) days after the confirmation by the ICC Court of Arbitration ("ICC Court") of the appointment of the second arbitrator. In the event any arbitrator is not appointed within the time limit provided herein, such arbitrator shall be appointed by the ICC Court. Any arbitrator appointed by the ICC Court shall be a retired judge or a practicing attorney, with not less than fifteen (15) years of experience with large, complex commercial cases and who, preferably, is an experienced arbitrator of disputes involving power purchase agreements. The arbitration shall, in all respects, be conducted in the English language and all arbitrators shall be fluent in the English language. The arbitrator(s) may require and facilitate such disclosure directly related to the issues in dispute as the arbitrator(s) shall determine is appropriate in the circumstances, taking into account the needs of the Parties and the desirability of making disclosure expeditious and cost-effective. The arbitrator(s) may issue orders to protect the confidentiality of proprietary information, trade secrets and other sensitive information disclosed. The arbitration shall be

governed by the Federal Arbitration Act, 9 U.S.C. § 1 *et seq.*, including Chapters 2 and 3 thereof, as applicable. The award of the arbitrator(s) shall be in writing and shall briefly state the findings of fact and conclusions of law upon which it is based; it shall be final and binding on the Parties, and may be entered and enforced in any court having jurisdiction. No arbitrator is empowered to award punitive, exemplary or multiple or any damages in excess of direct damages and each Party expressly waives and foregoes any right to damages, claims or remedies not permitted under Section 10.2. Notwithstanding anything herein to the contrary, the submission of all matters not exclusively in the jurisdiction of FERC to arbitration as provided in this Section 12.2 shall not preclude a Party from raising, in answer, protest, opposition or otherwise in a FERC proceeding, any matter related to the Agreement that it considers necessary as a defense or answer to any claim or counterclaim or the other Party that has properly been brought in a FERC proceeding as provided herein.

12.3 Fees and Expenses. The fees and expenses associated with arbitration, including the costs and fees of arbitrators and the administrative fees of the ICC, shall be divided equally between the Parties. Each Party shall be responsible for its own legal fees, including attorneys' fees.

12.4 Confidentiality. All disputes shall be resolved in a confidential manner. The arbitrator(s) shall agree to hold any information received during the arbitration in the strictest of confidence and shall not disclose to any non-party the existence, contents or results of the arbitration or any other information about such arbitration. No Party shall disclose or permit the disclosure of any information about the evidence adduced or the documents produced by the other Party in such proceedings or about the existence, contents or results of the proceeding, except as (x) may be required in response to any applicable law or order or filing requirement from a Governmental Authority, (y) may be necessary in an action in aid of such proceedings or for enforcement of an arbitral award or to protect or pursue a legal right or (z) reasonably required for enforcement or interpretation of this Agreement by FERC to the extent any dispute is brought to FERC. Before making any disclosure permitted by the foregoing clauses (x) and (y), the Party intending to make such disclosure shall give the other Party reasonable written notice in advance of the intended disclosure and afford the other Party a reasonable opportunity to protect its interests. The information described in Sections 15.10(a) and 15.10(c) shall not be subject to the restrictions provided for in this Section 12.4.

ARTICLE THIRTEEN: GOVERNMENTAL CHARGES

13.1 Cooperation. Each Party shall use reasonable efforts to implement the provisions of and to administer this Agreement in accordance with the intent of the Parties to minimize all Governmental Charges, so long as neither Party is adversely affected, in any material respect, by such efforts.

13.2 Governmental Charges.

(a) Seller shall pay or cause to be paid all Governmental Charges on or with respect to the Energy Product arising prior to the Sales Point. Buyer shall pay or cause to be paid all Governmental Charges on or with respect to the Energy Product arising at and after the Sales Point (other than ad valorem, franchise or income taxes that are related to the sale of such

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Product and are, therefore, the responsibility of Seller). For the avoidance of doubt, ISO-NE charges imposed on sellers in an IBT transaction will be the responsibility of Seller, and ISO-NE charges imposed on buyers in an IBT transaction will be the responsibility of Buyer.

(b) If applicable, each Party shall pay any taxes or other fees associated with its ownership of the certificates representing the Environmental Attributes Product, except that Buyer shall be responsible for any applicable sales tax imposed on Buyer's purchase of the Environmental Attributes Product.

(c) In the event Seller is required by applicable law to remit or pay Governmental Charges that are Buyer's responsibility hereunder, Buyer shall promptly reimburse Seller for such Governmental Charges. In the event Buyer is required by applicable law to remit or pay Governmental Charges that are Seller's responsibility hereunder, Buyer may deduct the amount of any such Governmental Charges from subsequent payments hereunder or elect to be reimbursed for the same by Seller on the first payment date in the next monthly billing period.

(d) Nothing herein shall obligate or cause a Party to pay or be liable to pay any Governmental Charges for which it is exempt under applicable law.

13.3 Exclusivity. Notwithstanding anything herein to the contrary, the Parties' obligations with respect to Governmental Charges are governed exclusively by this Article Thirteen.

ARTICLE FOURTEEN: REGULATORY CHANGES

In the event of (a) any change or revision to the New England market structure for Energy or Environmental Attributes or to the ISO-NE Documents or NEPOOL Documents that occurs after the Effective Date and affects, in any material respect, the allocation of costs and benefits of this Agreement (except as a result of any change in market conditions or any other event or circumstance that affects the price of, demand for, or supply of the Products or any change in a Party's ability to benefit economically from the purchase and sale of the Products or the allocation of revenues hereunder), the Buyer's Confirmation obligations or the Seller's Scheduling obligations hereunder or in the event of the adoption, promulgation or modification of any law, program, regime or market that affects, in any material respect, the transfer and acceptance procedures or attestation requirements for the Environmental Attributes Product that, in each case, exceeds the Threshold Amount, or (b) any action or inaction of a Governmental Authority (including the failure to issue or the revocation of any license, consent or other governmental approval) that occurs after the Effective Date and that prevents any Party from performing its obligations, in whole or in part, under this Agreement (which action or inaction is not within the reasonable control of, or the result of the negligence of, such Party and such Party is unable to overcome or avoid or cause to be avoided by the exercise of due diligence) (collectively, "Regulatory Changes"), the Parties shall endeavor in good faith and with due diligence to agree upon amendments to this Agreement that achieve, as nearly as practicable, the commercial intent of this Agreement as of the Effective Date with due consideration of the circumstances and arrangements for the purchase and sale of the Energy Product and the Environmental Attributes Product prevalent at the time of such negotiations; provided, however, that in no event shall the Parties be entitled to any adjustment to the Energy Product Price

(except as expressly provided herein) as a result of the adoption, promulgation or modification of any program that results in the recognition of Environmental Attributes thereunder or for any other reason. In the event the Parties cannot agree upon such amendments within sixty (60) days after any such Regulatory Change, the dispute shall be resolved in accordance with Article Twelve; *provided, however*, that, if any such Regulatory Change renders performance of a material obligation hereunder unlawful, impossible or impracticable and the Parties are unable, after good faith efforts, to agree upon such amendments or to mitigate such Regulatory Change, in each case, so as to render such performance lawful, possible and practicable, then (i) no Event of Default solely due to any failure by any Party to perform such unlawful, impossible or impracticable obligation shall give rise to damages or any other rights or remedies to the extent such Party performs as much of such obligation as is lawful, possible and practicable and (ii) any Party materially adversely affected by the other Party's inability to perform such unlawful, impossible or impracticable obligation may terminate this Agreement by written notice to the other Party.

ARTICLE FIFTEEN: MISCELLANEOUS

15.1 Representations and Warranties.

(a) Each Party represents and warrants to the other Party that each of the following statements are true and correct as to such Party as of the Effective Date and will be true and correct as to such Party as of the Commercial Operation Date:

(i) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and is duly qualified to conduct business in each jurisdiction in which the failure to so qualify reasonably could be expected to have a material adverse effect on its ability to perform its obligations under this Agreement;

(ii) except, prior to the Commercial Operation Date, for the approvals referenced in Section 2.1, it has all regulatory authorizations necessary for it to perform its obligations under this Agreement;

(iii) the execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions of its governing documents, any contracts to which it is a party or any applicable law or order, except where the violation of such contracts or applicable laws or orders could not reasonably be expected to have a material adverse effect on its ability to perform its obligations under this Agreement;

(iv) this Agreement and each document executed and delivered by such Party in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against such Party in accordance with its terms, subject to any Equitable Defenses;

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(v) it is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it that could reasonably be expected to result in it being or becoming Bankrupt; and

(vi) there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it that could reasonably be expected to have a material adverse effect on its ability to perform its obligations under this Agreement.

(b) Seller represents and warrants to Buyer that each of the following statements will be true and correct at the time of each transfer by Seller of the Environmental Attributes Product:

(i) The Energy sold under this Agreement shall be Qualified Clean Energy;

(ii) Seller has all right, title and interest in the underlying Environmental Attributes Quantity; and

(iii) Seller has not previously (A) transferred the underlying Environmental Attributes Quantity to any Person other than Buyer, (B) sold, claimed or represented the underlying Environmental Attributes Quantity as part of Energy sold elsewhere or otherwise retired such Environmental Attributes Quantity or (C) used such Environmental Attributes Quantity to satisfy any other obligations under any applicable renewable energy law, program, regime or market.

15.2 Warranty as to Title. Seller warrants that it has right, title to and interest in such Environmental Attributes Product and that the Environmental Attributes Product shall be transferred to Buyer free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any Person.

15.3 Assignment.

(a) Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent may be withheld in the exercise of such other Party's sole discretion; provided, however, that either Party may, without the consent of the other Party (but without relieving itself from liability hereunder, unless consented to in writing by such other Party, which consent may be withheld in the exercise of such other Party's sole discretion), (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements to a Person whose Credit Rating is equal to or higher than that of Seller's Guarantor, in the case of Seller, or Buyer, in the case of Buyer, (ii) transfer or assign this Agreement to any Affiliate of such Party so long as (x) such Affiliate's Credit Rating is equal to or higher than that of Seller's Guarantor, in the case of Seller, or Buyer, in the case of Buyer, or (y) the obligations of such Affiliate are guaranteed by Seller's Guarantor in accordance with the Hydro-Québec Guaranty, in the case of Seller, or Buyer in accordance with a guaranty agreement in form and substance satisfactory to Seller, in the case of Buyer, or (iii) transfer or assign this Agreement to any Person succeeding to all or substantially all of the assets of such Party; provided further, however, that, in each case, any

such assignee has agreed in writing to be bound by the terms and conditions hereof and the transferring Party has delivered such tax and enforceability assurance as the non-transferring Party may reasonably request. Any assignment in violation of this Section 15.3 is voidable by such non-assigning Party.

(b) In connection with any collateral assignment pursuant to clause (a)(i) above, the other Party shall cooperate with assigning Party and such other Party shall execute and deliver such consents, acknowledgements, direct agreements or similar documents as may be customary for financings of a similar nature and reasonably requested by any such lender; *provided* that the same are not inconsistent with the terms of this Agreement and do not impose any additional material obligations on such other Party.

15.4 Governing Law; Jury Trial Waiver. THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW THEREOF THAT WOULD COMPEL THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION. EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION PERMITTED UNDER THIS AGREEMENT.

15.5 Notices. All notices, requests, demands, waivers, consents and other communications required or permitted under this Agreement (other than the Scheduling of Internal Bilateral Transactions and as permitted with respect to Force Majeure or as provided in the Collateral Annex) shall be in writing and may be delivered to the address set forth below by hand delivery or overnight courier service. Notice by hand delivery shall be effective on the day actually received or confirmed by the recipient, respectively, if received or confirmed during a Business Day, and otherwise shall be effective on the next Business Day. Notice by overnight courier service shall be effective on the next Business Day after it was sent. A Party may change its addresses by providing notice of same in accordance herewith; *provided, however*, that no such notice shall be effective until actual receipt thereof. Copies of notices are for informational purposes only, and a failure to give or receive such copies shall not be deemed a failure to give notice.

If to Seller:

Hydro Renewable Energy Inc.
75, René-Lévesque Boulevard West, 18th Floor
Montréal (Québec) Canada
H2Z 1A4
Attention: Richard Cacchione, President

For billing purposes only:

Hydro Renewable Energy Inc.
75, René-Lévesque Boulevard West, 18th Floor
Montréal (Québec) Canada
H2Z 1A4
Attention: Hélène Létourneau, Billing Manager

If to Buyer:

Eversource Energy
One NSTAR Way NE220
Westwood, Massachusetts 02090
Attention: Vice President – Energy Supply

with a copy to:

Eversource Energy
800 Boylston Street
Boston, Massachusetts 02199
Attention: Legal Department / P1701

15.6 Entire Agreement; Amendment; Binding Effect; Waiver; Severability. This Agreement constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes all prior and contemporaneous agreements with respect thereto not expressly incorporated herein. Except to the extent herein provided for, no amendment or modification to this Agreement shall be enforceable unless reduced to writing and executed by both Parties. All rates, terms and conditions as specified in this Agreement shall remain in effect in accordance with their terms and shall not be subject to change through application to FERC pursuant to the provisions of Section 205 of the Federal Power Act. Absent the written agreement of all Parties to the proposed change, the standard of review for changes to this contract shall be the “public interest” standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) (the “Mobile-Sierra” doctrine). This Agreement shall be binding upon and inure to the benefit of each Party and its successors and permitted assigns. This Agreement shall not impart any rights enforceable by any third party (other than an Indemnified Party or a successor or permitted assignee bound to this Agreement). Waiver by a Party of any default by the other Party shall not be construed as a waiver of any other default, and, except as otherwise provided in Section 6.3, no delay or omission by a Party in the exercise of any right under this Agreement shall be taken, construed or considered as a waiver or relinquishment thereof. Any provision declared or rendered unlawful by any Governmental Authority or deemed unlawful because of a statutory change shall not otherwise affect the remaining obligations that arise under this Agreement; provided that the basic purpose of this Agreement and the reciprocal economic benefits to the Parties are not substantially impaired.

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15.7 Joint Preparation; Headings. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation and drafting hereof. The headings used herein are for convenience and reference purposes only.

15.8 Audit. Each Party, at its sole expense, has the right, upon advance notice to the other Party, to examine copies of the records of such other Party during normal working hours to the extent reasonably necessary to verify the accuracy of any invoice or other statement rendered for any charge or computation made pursuant to this Agreement. Subject to Section 6.3, if any such examination reveals any inaccuracy in any statement, then the necessary adjustments in such statement and any overpayment thereof shall be promptly reimbursed and shall bear interest calculated at the Interest Rate from the date the overpayment was made until repaid in full.

15.9 Bankruptcy and CFTC Matters. The Parties intend that (a) each of HRE and PSNH is a "forward contract merchant" within the meaning of the Bankruptcy Code and that this Agreement shall constitute a "forward contract" within the meaning of the Bankruptcy Code, (b) all payments made pursuant to this Agreement shall constitute "settlement payments" within the meaning of the Bankruptcy Code and (c) all transfers of any Performance Assurance pursuant to this Agreement shall constitute "margin payments" within the meaning of the Bankruptcy Code. Each Party hereby waives all rights to assert in any proceeding any position inconsistent with the foregoing. Each Party represents and warrants it is an "eligible contract participant" within the meaning of section 1a(18) of the Commodity Exchange Act.

15.10 Confidentiality. The contents of this Agreement are confidential and shall not be disclosed to any third party, except for such information (a) as is or becomes generally available to the public other than as a result of a violation of this Agreement, (b) as may be required in response to any applicable law or order or filing requirement from a Governmental Authority, (c) as may be independently derived by a Party or obtained on a non-confidential basis from a Person not known by the receiving Party to have breached any confidentiality obligation in making such disclosure, (d) as may be furnished to the receiving Party's Affiliates and to each of its or their respective auditors, attorneys, advisors, representatives, agents, employees, equity holders or prospective equity holders or lenders or prospective lenders to the extent they are required to keep the information that is disclosed in confidence, or (e) to the extent necessary associated with efforts to obtain or maintain the approvals referenced in Section 2.1 or other approvals that may be required in support of the siting, construction and commercial operation of the NPT Line.

15.11 Indemnification. Each Party ("Indemnifying Party") shall indemnify, defend and hold the other Party, its Affiliates and its and their respective equity holders, partners, directors, officers, employees and agents (each, an "Indemnified Party") harmless from and against all Claims as a result of the Indemnifying Party's negligence or willful misconduct or any breach of this Agreement. In the event a Claim with respect to any injury or damage caused by the joint or concurrent negligence or willful misconduct of the Indemnifying Party and any Indemnified Party, each party shall be liable under this indemnification in proportion to the relative degree of fault. Each Indemnified Party shall promptly notify the Indemnifying Party of any Claim in respect of which the Indemnified Party is entitled to be indemnified under this Section 15.11. Such notice shall be given as soon as is reasonably practicable after the Indemnified Party

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becomes aware of each Claim; provided, however, that the failure to give prompt notice shall not adversely affect any claim for indemnification hereunder, except to the extent the Indemnifying Party's ability to contest any Claim is materially prejudiced. The Indemnifying Party shall have the right (but not the obligation), at its expense, to contest, defend, litigate and settle, and to control the contest, defense, litigation and/or settlement of, any Claim alleged or asserted against any Indemnified Party arising out of any matter in respect of which such Indemnified Party is entitled to be indemnified under this Section 15.11 and the Indemnified Party shall act in good faith to cooperate with the Indemnifying Party in connection therewith. The Indemnifying Party shall promptly notify such Indemnified Party of its intention to exercise such right set forth in the immediately preceding sentence. The Indemnifying Party shall have the right to select legal counsel to defend a Claim for which the Indemnified Party is seeking indemnification pursuant to this Section 15.11, subject to the consent of the Indemnified Party, which shall not be unreasonably withheld, delayed or conditioned. If the Indemnifying Party exercises such right in accordance with the provisions of this Section 15.11, and any Indemnified Party notifies the Indemnifying Party that it desires to retain separate counsel in order to participate in or proceed independently with such contest, defense or litigation, such Indemnified Party may do so at its own expense. Neither the Indemnifying Party nor the Indemnified Party shall settle or compromise any Claim in respect of which the Indemnified Party is entitled to be indemnified under this Section 15.11 without the prior written consent of the Indemnified Party or the Indemnifying Party, as applicable; provided, however, that such consent shall not be withheld, delayed or conditioned.

15.12 Independent Contractor. Nothing in this Agreement shall be construed as creating any agency relationship, partnership, joint venture or fiduciary relationship between the Parties.

15.13 CFTC Reporting Obligations. Each Party shall act in good faith to cooperate with the other Party and provide such documents and other information as reasonably requested by such other Party to discharge any obligations under the CFTC Regulations in connection with this Agreement. The Parties agree that this Agreement (including all transactions reflected herein) is not a "swap" within the meaning of the Commodity Exchange Act ("CEA") and the rules, interpretations and other guidance of the Commodity Futures Trading Commission ("CFTC rules"), and that the primary intent of this Agreement is physical settlement (i.e., actual transfer of ownership) of the nonfinancial commodity and not solely to transfer price risk. In reliance upon such agreement, each Party represents to the other that:

- (a) With respect to the commodity to be purchased and sold hereunder, it is a commercial market participant, a commercial entity and a commercial party, as such terms are used in the CFTC rules, and it is a producer, processor, or commercial user of, or a merchant handling, the commodity and it is entering into this Agreement for purposes related to its business as such;
- (b) It is not registered or required to be registered under the CFTC rules as a swap dealer or a major swap participant;
- (c) It has entered into this Agreement in connection with the conduct of its regular business and it has the capacity or ability to regularly make or take delivery of the commodity to be purchased and sold hereunder;

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(d) With respect to the commodity to be purchased and sold hereunder, it intends to make or take physical delivery of the commodity;

(e) At the time that the Parties enter into this Agreement, any embedded volumetric optionality in this Agreement is primarily intended by the holder of such option or optionality to address physical factors or regulatory requirements that reasonably influence demand for, or supply of, the commodity to be purchased and sold hereunder;

(f) With respect to any embedded commodity option in this Agreement, such option is intended to be physically settled so that, if exercised, the option would result in the sale of the commodity to be purchased or sold hereunder for immediate or deferred shipment or delivery;

(g) The commodity to be purchased and sold hereunder is a nonfinancial commodity, and is also an exempt commodity or an agricultural commodity, as such terms are defined and interpreted in the CFTC rules.

To the extent that reporting of any transactions related to this Agreement is required by the CFTC rules, the Parties agree that Seller shall be responsible for such reporting (the "Reporting Party"). The Reporting Party's reporting obligations shall continue until the reporting obligation has expired or has been terminated in accordance with CFTC rules. The Buyer, as the Party that is not undertaking the reporting obligations shall timely provide the Reporting Party all necessary information requested by the Reporting Party for it to comply with CFTC rules.

15.14 Subcontracting. Seller may subcontract its obligations under this Agreement; provided that no such subcontract shall relieve Seller of any of its duties or obligations hereunder.

15.15 Language. All notices, requests, demands, waivers, consents and other communications required or permitted under this Agreement shall be made in English.

15.16 Counterparts. This Agreement may be executed in several counterparts, each of which is an original and all of which constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above written.

HYDRO RENEWABLE ENERGY INC.

PUBLIC SERVICE COMPANY OF
NEW HAMPSHIRE
d/b/a EVERSOURCE ENERGY

By: 

By: _____

Name: Richard Cacchione

Name: _____

Title: President

Title: _____

Appendix A
Attestation of Transfer
of Environmental Attributes Quantities

I, **[Insert the Name and Title of HRE's Authorized Representative]**, hereby declare and attest as follows (capitalized terms used herein but not otherwise defined herein shall have the respective meanings set forth in the Agreement (as defined below)):

1. Environmental Attributes corresponding to **[Insert the Applicable Quantity for the Calendar Year to which this Attestation Pertains]** MWh of Energy (the “**[Insert the Applicable Calendar Year]** Environmental Attributes”) were transferred to Public Service Company of New Hampshire (“PSNH”) pursuant to that certain Power Purchase Agreement dated as of June 17, 2016 by and between PSNH and Hydro Renewable Energy Inc. (as amended or otherwise modified from time to time, the “Agreement”),
2. The Energy associated with the “**[Insert the Applicable Calendar Year]**” Environmental Attributes stems from the HQP Generation Mix representing not less than one hundred percent (100%) hydroelectricity.
3. The “**[Insert the Applicable Calendar Year]**” Environmental Attributes Quantities were, prior to transfer to PSNH in accordance with Section 5.7 of the Agreement, solely and exclusively owned by Hydro Renewable Energy Inc.
4. Hydro Renewable Energy Inc. has not previously:
 - (i) Transferred the **[Insert the Applicable Calendar Year]** Environmental Attributes Quantities to any person other than PSNH;
 - (ii) Sold, claimed, or represented such **[Insert the Applicable Calendar Year]** Environmental Attributes Quantities as part of energy sold elsewhere or otherwise retired such **[Insert the Applicable Calendar Year]** Environmental Attributes Quantities;
 - (iii) Used such **[Insert the Applicable Calendar Year]** Environmental Attributes Quantities to satisfy any other obligations under any applicable renewable energy law, program, regime or market.
5. To the fullest extent allowed under applicable law, all of Hydro Renewable Energy Inc.’ right, title and interest in such **[Insert the Applicable Calendar Year]** Environmental Attributes Quantities have been transferred to PSNH free and clear of any liens, claims, security interests or other encumbrances.

As an authorized representative of HRE, I declare and attest that the above statements are true and correct.

[Insert Name and Title]
[Insert Place of Execution of Attestation]

Date

Attachment B

20 Year Nominal Savings with 100 MW PPA Under Various Scenarios (\$ Millions)

Case	Savings
November On-Peak Prices from 2009-2014 with Price Shape Repeated and Adjusted for High Historical 20 Year Inflation Levels and a Starting Price of \$95	100.62
December On-Peak Prices from 2009-2014 with Price Shape Repeated and Adjusted for High Growth and a Starting Price of \$75	73.40
November On-Peak Forward Prices from 2009-2014 with Price Shape Repeated	54.68
Year over Year Energy Price Changes with High Volatility and High Price Growth	45.90
Energy Prices in New England Over Past 20 Years Scaled to Start at 2019 Forecasted Price	39.07
Year over Year Energy Price Changes with High Volatility and Medium Price Growth	22.07
Energy Prices in New England Over Past 20 Years	21.25
Year over Year Energy Price Changes Minimally Increasing, then Sharp Price Increase, Followed by Sharp Decrease, Minimal Price Increases thereafter, with a final Sharp Price Increase and Prices Remaining Steady	20.82
Energy Prices Based on Forward Market with Prices Starting in 2019	17.65
Year over Year Energy Price Changes with Low Volatility and Medium Price Growth	16.96
Year over Year Energy Price Changes with Medium Volatility and Medium Price Growth	15.55
November On-Peak Forward Prices from 2011-2015 and NYMEX Forwards Thereafter	10.12
Year over Year Energy Price Changes Minimally Increasing, then Sharp Price Increase, Followed by Sharp Decrease, and Prices Remaining Steady	9.19
Year over Year Energy Price Changes Minimally Increasing, then Sharp Price Decrease, Followed by Sharp Increase, Minimal Price Increases thereafter, with a final Sharp Price Decrease, Followed by Sharp Increase, and Prices Remaining Steady	6.61
Sharp Price Drop in Year 2 Followed by Year over Year Price Changes With Low Volatility and Low Price Growth	3.45
November On-Peak Forward Prices from 2014-2015 and NYMEX Forwards Thereafter with Price Jump in Year 10	0.47
November On-Peak Forward Prices from 2014-2015 and NYMEX Forwards Thereafter	(6.80)

 Orange highlighted scenarios denotes a back cast

THE STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITIES COMMISSION
PREPARED TESTIMONY OF ERIC H. CHUNG
PETITION OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE
ENERGY FOR APPROVAL OF A POWER PURCHASE AGREEMENT
Docket No. DE 16-XXX

1 **Q. Please state your name, business address and position.**

2 A. My name is Eric H. Chung. My business address is 247 Station Drive, Westwood, Massachusetts
3 02090. I am the Director of Revenue Requirements and Regulatory Projects at Eversource
4 Energy (“Eversource” or “the Company”).

5 **Q. Have you previously testified before the Commission?**

6 A. Yes, I have testified before the Commission on numerous occasions, including in Docket Nos.
7 DE 13-274, DE 13-275, DE 13-108, DE 11-250, and DE 14-238.

8 **Q. What are your current responsibilities?**

9 A. I am currently responsible for all regulatory activity affecting the financial requirements of
10 Eversource’s operations in New Hampshire, plus special enterprise-wide regulatory initiatives
11 across Eversource’s operating businesses in the states of Connecticut, Massachusetts, and New
12 Hampshire.

13 **Q. Please describe your educational background.**

14 A. I have a Bachelor of Arts in physics with honors from Harvard College, as well as a Master of
15 Business Administration in finance and economics from the University of Chicago Booth School
16 of Business.

1 **Q. Please describe your professional experience.**

2 A. I was appointed to my current position at Eversource Energy in February 2015. From August
3 2013 to January 2015, I was Director of Revenue Requirements for Eversource's operating
4 companies in Massachusetts and New Hampshire. From May 2011 to August 2013, I was a
5 Senior Manager in the Power and Utilities Advisory practice at Ernst and Young LLP. From July
6 2009 to April 2011, I worked for PacifiCorp, a vertically-integrated electric utility based in
7 Portland, Oregon serving approximately 1.7 million customers across six states in the Western
8 United States. At PacifiCorp, my primary role was Director of Environmental Policy and
9 Strategy, and I also held leadership roles in PacifiCorp's Transmission and Corporate Finance
10 departments. I have also served as an Associate Partner in the Utilities practice at Oliver Wyman,
11 a Senior Engagement Manager in the Power practice at Strategic Decisions Group (a boutique
12 strategy consulting firm), and a Senior Programmer Analyst at Goldman Sachs. I have
13 approximately eighteen years of relevant management consulting and industry experience, with
14 most of my career dedicated to the power and utilities sectors.

15 **Q. What is the purpose of your testimony?**

16 A. The purpose of my testimony is to describe how the financial impacts of the 20-year Power
17 Purchase Agreement ("PPA") between Public Service Company of New Hampshire d/b/a
18 Eversource Energy ("PSNH") and Hydro Renewable Energy Inc. will be captured in customer
19 rates. Although the PPA is designed to avoid stranded costs over the life of the contract, PSNH is
20 requesting that the net financial impacts of this PPA be recovered via the Stranded Cost Recovery
21 Charge ("SCRC") rate as a means to offset stranded costs.

22 **Q. Please describe the current components of the SCRC and their application to this request.**

23 A. The SCRC recovers certain costs under the authorities contained in RSA Chapters 374-F and 369-
24 B. The 1999 PSNH Restructuring Settlement, approved in Order No. 23,549, defined PSNH's

1 stranded costs and categorized them into three different parts (i.e., Part 1, 2 and 3). Part 1 costs
2 were composed of the RRB Charge, which was calculated to recover the principal, net interest,
3 and fees related to Rate Reduction Bonds (the “RRBs”). These RRBs were fully recovered as of
4 May 1, 2013. Part 2 costs are “ongoing” stranded costs consisting primarily of the over-market
5 value of energy purchased from independent power producers (“IPPs”) and the amortization of
6 payments previously made for IPP buy-downs and buy-outs as approved by the Commission.
7 Part 3 costs, which were primarily the amortization of non-securitized stranded costs, were fully
8 recovered as of June 2006. Additionally, the SCRC rate billed to customers now includes the
9 Regional Greenhouse Gas Initiative (“RGGI”) refund as required by RSA 125-O:23, II and Order
10 No. 25,664 (May 9, 2014), directing PSNH to rebate RGGI auction revenue it receives through
11 the SCRC rate.

12 **Q. If approved, does the “2015 Public Service Company of New Hampshire Restructuring and**
13 **Rate Stabilization Agreement” (“2015 Settlement Agreement”) that is currently pending**
14 **Commission review in Docket No. DE 14-238 change the current SCRC structure?**

15 A. Not materially. If the 2015 Settlement Agreement is approved, and generation divestiture occurs,
16 any stranded costs that remain will be securitized with the costs of new Rate Reduction Bonds
17 recovered in Part 1 of the SCRC. Part 2 of the SCRC will recover ongoing IPP costs, net PPA
18 impacts, and all other non-securitized Stranded Costs as determined by the Commission.

19 **Q. Why is the SCRC the appropriate mechanism through which net benefits from the PPA**
20 **should flow to customers?**

21 A. Using the SCRC ensures that the net benefits of the PPA flow to all of PSNH’s distribution
22 customers, and not just customers taking default service energy from PSNH. Furthermore, to the
23 extent that the planned divestiture of the PSNH generating fleet may result in any stranded costs,

1 the PPA benefits will have a mitigating effect, and such a ratemaking methodology would be
2 consistent with the terms of the 2015 Settlement Agreement. Finally, the flow of net benefits
3 through the SCRC serves to eliminate any adverse effect to the competitive electric market that
4 might otherwise occur if such net benefits were to flow through PSNH's default energy service
5 rate.

6 As discussed in the testimony of James Daly, PSNH expects that the PPA will result in many
7 millions of dollars of benefits to customers via lower cost energy that will be available to PSNH
8 under the PPA's pricing provisions. If those revenues were credited to PSNH's default service
9 instead of the SCRC, the revenues might distort PSNH's default service price and the competitive
10 market, because competitive suppliers could find it difficult to compete with the default service
11 rate. Since the restructuring policy principles in RSA 374-F:3 call for full and fair competition,
12 as well as avoiding harm to competitive markets, it is PSNH's assessment that the net benefits of
13 the PPA should flow through the SCRC to avoid impacting the default energy service price either
14 positively or negatively.

15 **Q. Is there support in New Hampshire policy for using the SCRC as the mechanism for which**
16 **the net benefits from the PPA should flow to customers?**

17 A. Yes. Under RSA 374-F:3, XII, (c), PSNH is to take all reasonable measures to mitigate stranded
18 costs. Using the expected net benefits of the PPA to reduce stranded costs is consistent with this
19 policy principle.

20 **Q. Has PSNH previously discussed aspects of the PPA in a Commission proceeding?**

21 A. Yes. In the generation divestiture proceeding, Docket No. DE 14-238, PSNH made a filing on
22 October 7, 2015 with the Commission discussing a potential PPA and noting that:

- 1 - PSNH had already informed all of the parties in Docket No. DE 14-238 that if a PPA was
2 finalized, and if that PPA was approved by the Commission, it would NOT be used to supply
3 default energy service, but would be monetized by selling the entitlement bilaterally or into
4 the market with the monetary benefits flowing to customers to mitigate stranded costs;
- 5 - PSNH had already informed all of the parties to the 2015 Settlement Agreement that the
6 methodology set forth in the Settlement for obtaining default energy service post-divestiture
7 would NOT be impacted by any PPA;
- 8 - Nothing in the 2015 Settlement Agreement prohibits or eliminates the obligation for PSNH to
9 continue to take prudent actions as a utility operating in New Hampshire, including, e.g.,
10 compliance with RSA 378:37 (“The general court declares that it shall be the energy policy of
11 this state to meet the energy needs of the citizens and businesses of the state at the lowest
12 reasonable cost while providing for the reliability and diversity of energy sources”) and RSA
13 374-F:3, XII, (c) (“Utilities have had and continue to have an obligation to take all reasonable
14 measures to mitigate stranded costs.”)

15 The Commission noted these points in its “Order Denying NEPGA’s and RESA’s Motion to
16 Allow Additional Discovery and for Leave to File Supplemental Testimony,” Order No. 25,830
17 dated October 23, 2015 in Docket No. DE 14-238.

18 The items described in PSNH’s filing and Order No. 25,830 remain true today. The PPA at issue
19 will assist PSNH in meeting the energy and environmental goals set for the State of New
20 Hampshire, but it will not be used to supply default service, and the competitive procurement of
21 default service will not change as a result of the PPA. Therefore, PSNH expects that customers
22 will gain the benefits of the competitive markets, alongside the specific benefits of the PPA.

1 **Q. How will the net financial impacts be allocated across different rate classes?**

2 A. The net financial impacts of the PPA will be allocated according to the stranded cost allocation
3 that is ultimately approved in Docket No. DE 14-238. Assuming the stranded cost allocation in
4 the 2015 Settlement Agreement is approved, the same allocation should be used for the net
5 benefits of this PPA to help ensure that those stranded costs are mitigated in the same fair
6 manner.

7 **Q. Is Eversource currently proposing a specific PPA rate for inclusion in the SCRC rate?**

8 A. No, Eversource is proposing only a methodology for addressing the revenues and costs arising
9 from the PPA and not a specific rate. If the PPA is approved, Eversource will account for the
10 PPA using that methodology.

11 **Q. Please explain the methodology Eversource will use to capture the net revenues associated**
12 **with the PPA to be included in the SCRC rate.**

13 A. Consistent with the current timing of the filing of the SCRC rates for effect January 1 of each
14 year, Eversource will estimate the net revenue impact of the PPA for the upcoming year and
15 include the estimated difference as an offset to stranded cost. Following the end of the year, the
16 prior estimates of net revenues from the PPA will be updated to reflect actual net revenues and
17 included in a subsequent SCRC filing similar to how the current reconciliation of SCRC cost and
18 revenues are handled.

1 **Q. If the environmental attributes that Mr. Daly discusses in his testimony end up having**
2 **financial value, how will that value be captured in the SCRC rate?**

3 A. Since the environmental attributes associated with the PPA will have no cost basis, any financial
4 benefit resulting from the sale of the environmental attributes will be returned to customers
5 utilizing the same methodology discussed above.

6 **Q. Does this conclude your testimony?**

7 A. Yes, it does.

**THE STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

**PETITION OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
D/B/A EVERSOURCE ENERGY
FOR APPROVAL OF A POWER PURCHASE AGREEMENT**

Docket No. DE 16-XXX

**Motion for Confidential Treatment Pursuant to RSA Chapter 91-A and
N.H. Code Admin. Rules Puc § 203.08**

Pursuant to RSA 91-A:5,(IV)(Supp.) and N.H. Code Admin. Rules Puc § 203.08, Public Service Company of New Hampshire ("PSNH" or the "Company") hereby requests confidential treatment and the issuance of a protective order for certain confidential, commercial, or financial information contained in the Power Purchase Agreement ("PPA") entered into by and between PSNH and Hydro Renewable Energy Inc. ("HRE") dated June 17, 2016, and in the supporting testimony of Mr. James G. Daly. The information for which confidential treatment and protection is sought is limited to the pricing data.

In support of this Motion for Confidential Treatment, PSNH says the following:

1. RSA 374:57 provides a process for electric utilities to enter into agreements for the purchase of generating capacity, transmission capacity or energy.
2. N.H. Code Admin. Rules Puc § 203.08(a) provides that the Commission shall upon motion issue a protective order providing for the confidential treatment of one or more documents upon a finding that the document or documents are entitled to such treatment pursuant to RSA 91-A:5, or other applicable law.
3. Rule Puc § 203.08(b) requires a motion for confidential treatment to include: i.) the documents, specific portions of documents, or a detailed description of the types of information for which confidentiality is sought; ii.) specific reference to the statutory or common law support for confidentiality; and, iii.) a detailed statement of the harm that would result from disclosure and any other facts relevant to the request for confidential treatment.

4. On June 17, 2016, PSNH entered into a Power Purchase Agreement (“PPA”) with Hydro Renewable Energy Inc. (“HRE”), a subsidiary of Hydro-Québec, for the purchase of approximately 10 per cent of the energy that is proposed to be delivered to PSNH’s Deerfield Substation over the Northern Pass Transmission line.

5. The PPA was the result of protracted and detailed confidential negotiations. The PPA provides that the terms of that agreement are confidential and contains a confidentiality provision at Article 15.10. PSNH’s ability to enter into economic contracts can only be assured if negotiating partners are confident that their proposals and pricing remain confidential and do not become available, either directly or indirectly, to their competitors. The detailed pricing information contained in the PPA would not have been provided absent the assurance that the information would not be disclosed to the public.

6. If the PPA’s pricing provisions are not provided with confidential treatment, such disclosure would detrimentally impact both PSNH’s ability to attract negotiating partners in the future, as well as HRE’s competitive position in the marketplace. Under the PPA, HRE agrees to sell to PSNH approximately 10% of the energy that will be delivered via the Northern Pass Transmission line. The remaining 90% of the energy will be sold in the competitive marketplace. HRE would be competitively harmed in its efforts to market that remaining 90% of its product if the economic pricing terms of the PPA were revealed.

7. RSA Chapter 91-A is commonly referred to as the “Right-to-Know Law.” The Right-to-Know Law provides each citizen with the right to inspect government records in the possession of the Commission. However, under RSA 91-A:5, certain government records are exempted from the disclosure requirements of RSA Chapter 91-A. In particular, RSA 91-A:5, IV exempts from disclosure records pertaining to confidential, commercial, or financial information.

8. The New Hampshire Supreme Court has had the opportunity to discuss the requirements of the Right-to-Know Law on several occasions. In *Professional Firefighters of New Hampshire v. Local Government Center, Inc.*, 2010 WL 323119, 6 (N.H.) (N.H., January 29, 2010), the Court noted:

“The Right-to-Know Law does not guarantee the public an unfettered right of access to all governmental workings, as evidenced by the statutory exceptions and exemptions.” See also, *Goode v. New Hampshire Office of Legislative Budget Assistant*, 148 N.H. 551, 553 (2002), and *Brent v. Paquette*, 132 N.H. 415, 426, (1989) (“[T]he Right-to-Know Law guarantees every citizen the right to inspect all public records except as otherwise prohibited by statute or RSA 91-A:5.” (quotation omitted)).

9. The Court also opined on the confidential, commercial, or financial information exemption of the Right-to-Know Law in *Union Leader Corp. v. New Hampshire Housing Finance Authority*, 142 N.H. 540 (1997), a case cited by the Commission dozens of times. In its decision, the Court noted:

The terms “commercial or financial” encompass information such as business sales statistics, research data, technical designs, overhead and operating costs, and information on financial condition. *Landfair v. United States Dept. of Army*, 645 F.Supp. 325, 327 (D.D.C.1986); see *Comstock Intern. v. Export-Import Bank of U.S.*, 464 F.Supp. 804, 806 (D.D.C.1979) (loan agreements are financial or commercial information). Whether documents are commercial depends on the character of the information sought. Information is commercial if it relates to commerce. See *American Airlines, Inc. v. Nat. Mediation Bd.*, 588 F.2d 863, 870 (2d Cir.1978).

142 N.H. at 553.

The Court also noted:

To best effectuate the purposes of our Right-to-Know Law, whether information is “confidential” must be determined objectively, and not based on the subjective expectations of the party generating it. “To determine whether [records] ... are exempt as confidential, the benefits of disclosure to the public must be weighed against the benefits of non-disclosure to the government.” *Chambers v. Gregg*, 135 N.H. 478, 481 (1992). We find instructive the standard test employed by the federal courts: To show that information is sufficiently “confidential” to justify nondisclosure, the party resisting disclosure must prove that disclosure “is likely: (1) to impair the [State’s] ability to obtain necessary information in the future; or (2) to cause substantial harm to the competitive position of the person from whom the information was obtained.” *National Parks and Conservation Ass’n v. Kleppe*, 547 F.2d 673, 677-78, (D.C.Cir.1976) (quotations omitted) (*National Parks II*).

Id. at 553-554 (internal citations omitted).

10. In determining whether commercial or financial information should be deemed confidential and private, the Commission has followed *Union-Leader* as well as the three-step analysis applied by the New Hampshire Supreme Court in *Lambert v. Belknap County*

Convention, 157 N.H. 375, 382 (2008). The *Lambert* analysis requires: i) an evaluation of whether there is a privacy interest at stake that would be invaded by the disclosure -- when commercial or financial information is involved, this step includes a determination of whether an interest in the confidentiality of the information is at stake; ii) when a privacy interest is at stake, the public's interest in disclosure is assessed; and, iii) when there is a public interest in disclosure, that interest is balanced against any privacy interests in nondisclosure. See *Unitil Energy Systems, Inc.*, Order No. 25,054, Docket No. DE 09-009 (December 18, 2009); *Public Service Company of New Hampshire*, Order No. 25,059, Docket No. DE 09-158 (December 31, 2009).

11. The Commission, using the *Union-Leader* and *Lambert* standards discussed above, has regularly granted confidentiality for pricing information similar to that contained in the PPA. For example:

- a. “If public disclosure of confidential, commercial or financial information would harm the competitive position of the person from whom the information was obtained, the balance would tend to tip in favor of non- disclosure.” *Re National Grid plc*, 92 NHPUC 279, 326 (2007) (granting confidential treatment for information regarding system upgrades and capacity contain information that, if publicly disclosed, would likely harm its competitive interests and the interests of ratepayers who would ultimately bear the burden of increased contract costs resulting from disclosure);
- b. “Inasmuch as disclosure in this instance could negatively affect customers, we do not find the public's interest in review of the financial, commercially sensitive information sufficient to outweigh the interest that National Grid and its bidders have in maintaining confidentiality of such information.” *Re Granite State Electric Company dba National Grid*, 92 NHPUC 215, 219 (2007) (granting a protective order for information received by National Grid as part of a competitive RFP process including “a brief discussion of the selection of the winning bidder, a bidder key that identifies the suppliers who participated in the RFP, the comparative energy and capacity prices received from the bidders (including the estimated total cost according to the evaluation loads provided with the RFP), a ranking of the transactions offered by each bidder in terms of financial security (including consideration of reasonable extension of credit to

National Grid and the creditworthiness of the supplier and the credit assurance offered), the information provided by each bidder in the proposal submission forms, and, a redlined version of the negotiated purchase and sale agreement.);

- c. Regarding a series of contracts provided by PSNH: “The information in the documents is financially or commercially sensitive in the sense that its public disclosure would reveal information that could place Ensio Resources at a competitive disadvantage relative to other firms that purchase end products of coal-burning processes and PSNH at a competitive disadvantage in future negotiations with end-product purchasers.” *Re Public Service Company of New Hampshire*, 84 NHPUC 484, 485 (1999);
- d. Granting confidential treatment for bidder information obtained during the auction sale of the Seabrook Nuclear Generating Station: “Disclosure could result in competitive damage to bidders, and also impair the ability of the state to obtain such information in the future. Not only do we believe the information is commercially sensitive, we also believe that public disclosure of bids, bid analyses, financial assessments, and data related to the auction would chill future auction transactions, thereby limiting the results that might otherwise have been achieved.” *Re North Atlantic Energy Corporation*, 87 NHPUC 396, 399 (2002).
- e. Confidential treatment was granted for similar confidential, commercial, or financial information contained in the Power Purchase Agreement and Renewable Energy Certificate Option Agreement entered into between PSNH and Lempster Wind, LLC in Docket No. DE 08-077. *See*, Order No. 24,965, May 1, 2009, at 2.

12. Confidential treatment of the pricing terms of the PPA would also be consistent with the policies espoused in RSA Chapter 374-F, the Electric Utility Restructuring act. RSA 374-F:1, I states in part that “the development of competitive markets for wholesale and retail electricity services are key elements in a restructured industry... .” RSA 374-F:1, II references the State Constitution’s directive at part II, article 83, for protection of “Free and fair competition.” To protect HRE’s ability to participate in the free and fair competitive electricity marketplace for 90% of its product, the pricing provisions of its agreement to sell 10% of its product to PSNH are entitled to confidential treatment.

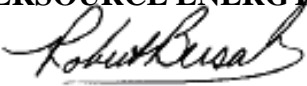
13. Since for ratemaking treatment the PPA will be dealt with via PSNH's stranded cost recovery charge, the impacts of the PPA, be they positive or negative, will not adversely impact the competitive electricity marketplace, nor the ability of competitive electricity power suppliers to compete for retail customers or to respond to RFP's to provide default service to PSNH's customers following generation divestiture. Hence, there is no basis for these competitors of HRE to have access to the confidential pricing provisions of the PPA.

WHEREFORE, PSNH respectfully requests that the Commission grant confidential treatment of the PPA's pricing provisions which comprise confidential, commercial, or financial information by issuance of a protective order as requested herein. In accordance with N.H. Code of Administrative Rules Puc 203.08(g) the unredacted PPA and the unredacted testimony of Mr. James G. Daly should be labeled "Confidential," held in a secure location within the Commission's offices, and not disclosed to the public or any party other than the Commission staff without PSNH's and HRE's consent.

Respectfully submitted this 28th day of June, 2016.

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
d/b/a EVERSOURCE ENERGY**

By: _____


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CERTIFICATE OF SERVICE

I certify that on this date the attached Petition and Motion for Confidential Treatment were provided to the Office of Consumer Advocate per RSA 363:28, VI and Puc 203.02.

June 28, 2016