

ISO New England Inc. Transmission, Markets and Services Tariff

ISO New England

ISO New England Inc. Transmission, Markets and Services Tariff

Document Generated On: 8/30/2010

Contents

SCHEDULE 20A – NSTAR 3

SCHEDULE 20A – NSTAR

**NSTAR ELECTRIC COMPANY
PHASE I/II HVDC-TF SERVICE SCHEDULE**

A. FIRM LOCAL POINT-TO-POINT SERVICE

NSTAR Electric Company (“NSTAR”) has a contractual entitlement to utilize certain Phase I/II HVDC-TF which may be offered to Transmission Customers on a voluntary basis. This schedule applies to all transactions that utilize NSTAR’s Phase I/II HVDC-TF entitlement. Transmission Customers may obtain Phase I/II HVDC-TF Service by reserving all or a portion of NSTAR’s Use Rights as defined through the Restated Use Agreement, Schedule 20A, and this Service Schedule.

The Transmission Customer will be required to schedule its Phase I/II HVDC-TF Service consistent with the contractual arrangements between Hydro Quebec and the New England Participants.

The Transmission Customer will be responsible for the actual losses associated with service under this Phase I/II HVDC-TF Service Schedule.

The Transmission Customer will be billed on a monthly basis for services taken under this section of this Phase I/II HVDC-TF Service Schedule. Charges for such services shall be calculated in accordance with the applicable charges set forth below:

1) Yearly Service Charge

The Yearly Service Charge shall be the product of (a) NSTAR’s Yearly Delivery Rate for the Phase I/II HVDC-TF as determined in accordance with Attachment A of this Phase I/II HVDC-TF Service Schedule and (b) the Transmission Customer’s Reserved Capacity for NSTAR’s Use Rights.

2) Monthly Service Charge

The Monthly Service Charge shall be the product of (a) NSTAR’s Monthly Delivery Rate for the Phase I/II HVDC-TF as determined in accordance with Attachment A of this Phase I/II HVDC-TF Service Schedule and (b) the Transmission Customer’s Reserved Capacity for NSTAR’s Use Rights.

3) Weekly Service Charge

The Weekly Service Charge shall be the product of (a) NSTAR's Weekly Delivery Rate for the Phase I/II HVDC-TF as determined in accordance with Attachment A of this Phase I/II HVDC-TF Service Schedule and (b) the Transmission Customer's Reserved Capacity for NSTAR's Use Rights.

4) Daily Service Charge

The Daily Service Charge shall be the product of (a) NSTAR's Daily Delivery Rate for the Phase I/II HVDC-TF as determined in accordance with Attachment A of this Phase I/II HVDC-TF Service Schedule and (b) the Transmission Customer's Reserved Capacity for NSTAR's Use Rights.

The total demand charge in any week, pursuant to a reservation for daily service, shall not exceed the Weekly Delivery Rate times the highest amount of the Transmission Customer's Reserved Capacity in any day during such week.

B. NON-FIRM LOCAL POINT-TO-POINT SERVICE

NSTAR has a contractual entitlement to utilize certain Phase I/II HVDC-TF which may be offered to Transmission Customers, subject to the terms of the Restated Use Agreement, on a voluntary basis. This schedule applies to all transactions that utilize NSTAR's entitlement. Transmission Customers may obtain Phase I/II HVDC-TF Service by reserving all or a portion of NSTAR's Use Rights as defined through the Restated Use Agreement, Schedule 20A, and this Service Schedule.

The Transmission Customer will be required to schedule its Phase I/II HVDC-TF Service consistent with the contractual arrangements between Hydro Quebec and the New England Participants. The Transmission Customer will be responsible for the actual losses associated with service under this Phase I/II HVDC-TF Service Schedule.

The Transmission Customer will be billed on a monthly basis for services taken under this section of this Phase I/II HVDC-TF Service Schedule. Charges for such services shall be calculated in accordance with the applicable charges set forth below:

1) Monthly Service Charge

The Monthly Service Charge shall be the product of (a) NSTAR's Monthly Delivery Rate for the Phase I/II HVDC-TF as determined in accordance with Attachment A of this Phase I/II HVDC-TF Service Schedule and (b) the Transmission Customer's Reserved Capacity for NSTAR's Use Rights.

2) Weekly Service Charge

The Weekly Service Charge shall be the product of (a) NSTAR's Weekly Delivery Rate for the Phase I/II HVDC-TF as determined in accordance with Attachment A of this Phase I/II HVDC-TF Service Schedule and (b) the Transmission Customer's Reserved Capacity for NSTAR's Use Rights.

3) Daily Service Charge

The Daily On-Peak Service Charge shall be the product of (a) NSTAR's Daily On-Peak Delivery Rate for the Phase I/II HVDC-TF as determined in accordance with Attachment A of this Phase I/II HVDC-TF Service Schedule and (b) the Transmission Customer's Reserved Capacity for NSTAR's Use Rights.

The Daily Off-Peak Service Charge shall be the product of (a) NSTAR's Daily Off-Peak Delivery Rate for the Phase I/II HVDC-TF as determined in accordance with Attachment A of this Phase I/II HVDC-TF Service Schedule and (b) the Transmission Customer's Reserved Capacity for NSTAR's Use Rights.

The total demand charge in any week, pursuant to a reservation for daily service, shall not exceed the Weekly Delivery Rate times the highest amount of the Transmission Customer's Reserved Capacity in any day during the week. Annually, NSTAR shall recalculate the Daily On-Peak Delivery Rate for the previous year to account for any revenue collected from the Daily Off-Peak Service Charge. Transmission Customers that were charged an undiscounted Daily On-Peak Delivery Rate shall receive a refund based upon the revised rate.

4) Hourly Service Charge

The Hourly On-Peak Service Charge shall be the product of (a) NSTAR's Hourly On-Peak Delivery Rate for the Phase I/II HVDC-TF as determined in accordance with Attachment A of this Phase I/II HVDC-TF Service Schedule and (b) the Transmission Customer's Reserved Capacity for NSTAR's Use Rights.

The Hourly Off-Peak Service Charge shall be the product of (a) NSTAR's Hourly Off-Peak Delivery Rate for the Phase I/II HVDC-TF as determined in accordance with Attachment A of this Phase I/II HVDC-TF Service Schedule and (b) the Transmission Customer's Reserved Capacity for NSTAR's Use Rights.

The total demand charge in any day, pursuant to a reservation for hourly service, shall not exceed the Daily Delivery Rate times the highest amount of the Transmission Customer's Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for hourly service, shall not exceed the Weekly Delivery Rate times the highest amount of the Transmission Customer's Reserved Capacity in any hour during such week. Annually, NSTAR shall recalculate the Hourly On-Peak Delivery Rate for the previous year to account for any revenue collected from the Hourly Off-Peak Delivery Charge. Transmission Customers that were charged an undiscounted Hourly On-Peak Service Rate shall receive a refund based upon the revised rate.

SCHEDULE 20A – NSTAR

ATTACHMENT A

CALCULATION OF CHARGES FOR
PHASE I/II HVDC-TF SERVICE

A. EMBEDDED FACILITIES EXPENSE FOR FIRM LOCAL POINT-TO-POINT SERVICE

The Annual Embedded Transmission Expense shall be the sum of NSTAR's cost of service support payments incurred during a month from Vermont Electric Transmission Company (VETCO), New England Electric Transmission Corporation (NEET), New England Hydro Electric Transmission Company (NEH), and New England Hydro Transmission Corporation (NHH) for the 12 months preceding the annual anniversary date of the Transmission Customer's Phase I/II HVDC-TF Service under this schedule. NSTAR shall reconcile such costs when actual charges are received for the given year.

Yearly Delivery Rate: shall be the Annual Embedded Transmission Expense, divided by NSTAR's entitlement in the Phase I/II HVDC-TF expressed in kW.

Monthly Delivery Rate: shall be the Yearly Delivery Rate divided by 12.

Weekly Delivery Rate: shall be the Yearly Delivery Rate divided by 52.

Daily Delivery Rate: The maximum charge for daily delivery shall be the Yearly Delivery Rate divided by 365.

B. EMBEDDED FACILITIES EXPENSE FOR NON-FIRM LOCAL POINT-TO-POINT
SERVICE

The Annual Embedded Transmission Expense shall be the sum of NSTAR's cost of service support payments incurred during a month from Vermont Electric Transmission Company (VETCO), New England Electric Transmission Corporation (NEET), New England Hydro Electric Transmission Company (NEH), and New England Hydro Transmission Corporation (NHH) for the 12 months preceding the annual anniversary date of the Transmission Customer's Phase I/II HVDC-TF Service under this schedule.

Monthly Delivery Rate: shall be the Yearly Delivery Rate divided by 12.

Weekly Delivery Rate: shall be the Yearly Delivery Rate divided by 52.

Daily On-Peak Delivery Rate: The maximum charge for daily delivery Monday through Friday shall be the Yearly Delivery Rate divided by 260.

Daily Off-Peak Delivery Rate: The maximum charge for daily delivery on Saturday or Sunday shall be the Yearly Delivery Rate divided by 365.

Hourly On-Peak Delivery Rate: The maximum charge for hourly delivery during hours 0700 through 2300, Monday through Friday, shall be the Yearly Delivery Rate divided by 4160

Hourly Off-Peak Delivery Rate: The maximum charge for hourly delivery during all other hours shall be the Yearly Delivery Rate divided by 8760.

C. OPPORTUNITY COST CHARGE

NSTAR reserves the right to charge opportunity costs incurred by NSTAR as a result of providing service over the Phase I/II HVDC-TF. NSTAR will develop and file an opportunity cost methodology with the FERC prior to charging such cost to the Transmission Customer.

ATTACHMENT L
CREDITWORTHINESS POLICY

I. General Information:

This Attachment L details the specific requirements for the creditworthiness procedures of NSTAR. All customers taking (i) any service under Schedule 21-NSTAR or (ii) any FERC-regulated interconnection service from NSTAR must meet the terms of this Policy (where all the above, collectively, are referred to as “Services”). The creditworthiness of each customer must be established prior to receiving service from NSTAR. A customer will be evaluated at the time its application for service is provided to NSTAR. A credit review shall be conducted for each transmission customer not less than annually or upon reasonable request by the transmission customer. This Attachment L, when updated, will be done so in accordance with Section 10 of this Policy and as posted on NSTAR’s OASIS.

All customers must comply with the terms of this Attachment L. Each customer should refer to NSTAR’s web site at www.nstar.com, or NSTAR’s OASIS site, for the NSTAR representative to whom to forward the information required by this Attachment L.

Upon receipt of a customer’s information, NSTAR will review it for completeness and will notify the customer if additional information is required. Upon completion of an evaluation of a customer, NSTAR will notify the customer of its Financial Assurance requirements. NSTAR will provide a written evaluation, upon request, to customers who are not required to provide Financial Assurance.

II. Financial Information:

Customers receiving transmission service or requesting interconnection service must submit, if available, the following:

- * All current rating agency reports from Standard and Poor’s (“S&P”), Moody’s and/or Fitch of the customer.
- * Audited financial statements provided by a registered independent auditor for the two most recent years, or the period of its existence, if shorter, for the customer.

III. Creditworthiness Requirements:

ISO New England - ISO New England Inc. Transmission, Markets and Services Tariff

A. The customer must meet at least one of the following quantitative criteria in order to receive unsecured credit equivalent to 3 months of transmission charges or, for interconnections, the credit equivalent of 3 months of the annual facilities charges and other ongoing charges:

i) If rated, the customer must have either for itself or for its outstanding debt the following:

- Standard and Poor's or Fitch rating of at least a BBB, or
- Moody's rating of at least a Baa2.

ii) If un-rated or if rated below BBB/Baa2, as stated in a), the customer must meet all of the following:

- A Current Ratio of at least 1.0 times (current assets divided by all current liabilities);
- A Total Capitalization Ratio of less than 60% debt: total debt (including all short-term borrowing) divided by total shareholders' equity plus total debt;
- "Earnings before interest, taxes, depreciation and amortization" in most recent fiscal quarter divided by expense for interest" (EBITDA-to-Interest Expense Ratio) of at least 2.0 times; and
- Audited Financial Statement with an unqualified audit opinion.

iii) If the customer relies on the creditworthiness of a parent company, the customer's parent company must meet the criteria set out in (a) or (b) above, and must provide to NSTAR a written guarantee that it will be unconditionally responsible for all financial obligations associated with the customer's receipt of transmission service from NSTAR.

iv) If the customer is a municipal that is a member of the Massachusetts Municipals Wholesale Electric Cooperative (MMWEC), MMWEC must meet the criteria set out in (a) or (b) above and provide to NSTAR a written guarantee that MMWEC will be unconditionally responsible for all financial obligations associated with the customer's receipt of transmission service from NSTAR.

B. If the customer does not qualify for unsecured credit under Section A, the customer will qualify for unsecured credit equivalent to two months of transmission service charges, or for interconnections, the credit equivalent of two months of the annual facilities charges and other ongoing charges, if one of the following qualitative factors is met:

ISO New England - ISO New England Inc. Transmission, Markets and Services Tariff

- The customer has, on a rolling basis, 12 consecutive months of payments to NSTAR with no missed, late or defaults in payment; or
- The customer has an executed long-term contract for the sale of the full output (energy and capacity) of its generating unit and either has executed a corresponding service agreement under Schedule 21-NSTAR for the transmission of that output or the execution of such a service agreement is pending the customer's demonstration of creditworthiness pursuant to this Attachment L.

IV. Financial Assurance:

If the customer does not meet the applicable requirements for Creditworthiness set out in Section III above, then the customer must either:

- Pay in advance for service an amount equal to the lesser of the total charge for Transmission Service or the charge for three months of Transmission Service not less than 5 days in advance of the commencement of service; or
- Obtain Financial Assurance in the form of a: letter of credit, performance bond, or corporate guarantee equal to the equivalent of 3 months of Transmission Service charges prior to receiving service.

If the customer pays for service in advance, NSTAR will pay to the customer interest on the amounts not yet due to NSTAR, computed in accordance with the Commission's regulations at 18 CFR 35.19a(a)(2)(iii).

V. Contesting Creditworthiness Determination:

The Transmission Customer may contest NSTAR's determination of creditworthiness by submitting a written request for re-evaluation within 20 calendar days of being notified of the creditworthiness determination. Such request should provide information supporting the basis for a request to re-evaluate a Transmission Customer's creditworthiness. NSTAR will review and respond to the request within 20 calendar days.

VI. Process for Changing Credit Requirements:

In the event that NSTAR plans to revise its requirements for credit levels or collateral requirements as detailed in this Attachment L, NSTAR shall submit such changes in a filing to the Commission under

ISO New England - ISO New England Inc. Transmission, Markets and Services Tariff

Section 205 of the Federal Power Act. NSTAR shall follow the notification requirements pursuant to Section 3.04(a) of the Transmission Operating Agreement and reflected herein.

A. General Notification Process

- i) NSTAR shall provide written notification to ISO-NE and stakeholders of any filing described above, at least 30 days in advance of such filing.
- ii) Filing notifications shall include a detailed description of the filing, including a redlined document containing revised change(s).
- iii) NSTAR shall consult with interested stakeholders upon request.
- iv) Following Commission acceptance of such filing and upon the effective date, NSTAR shall revise Attachment L and an updated version of Schedule 21-NSTAR shall be posted the ISO-NE website.

B. Transmission Customer Responsibility

When there is a change in requirements pursuant to this Attachment L, it is the responsibility of the customers to forward updated financial information to NSTAR at the address noted on NSTAR's OASIS site and indicate whether the change affects their ability to meet the requirements of this Attachment L. In such cases where the customer's status has changed, the customer must take the necessary steps to comply with the revised requirements of the Attachment L by the effective date of the change.

VII. Posting Collateral Requirements:

A. Changes in Customer's Financial Condition

Each customer must inform NSTAR, in writing, within five (5) business days of any material change in its financial condition, and, if the customer qualifies under Section III.A(c), that of its parent company. A material change in financial condition may include, but is not limited to, the following:

- Change in ownership by way of a merger, acquisition or substantial sale of assets;
- A downgrade of long- or short-term debt rating by a major rating agency;
- Being placed on a credit watch with negative implications by a major rating agency;

- A bankruptcy filing;
- Any action requiring filing of a Form 8-K;
- A declaration of or acknowledgement of insolvency;
- A report of a significant quarterly loss or decline in earnings;
- The resignation of key officer(s);
- The issuance of a regulatory order and/or the filing of a lawsuit that could materially adversely impact current or future financial results.

B. Change in Creditworthiness Status

A customer who has been extended unsecured credit under this policy must comply with the terms of Financial Assurance in Section IV above if one or more of the following conditions apply:

- The customer no longer meets the applicable criteria for Creditworthiness in Section III above;
- The customer exceeds the amount of unsecured credit extended by NSTAR, in which case Financial Assurance equal to the amount of excess must be provided within 5 business days; or
- The customer has missed two or more payments for any of the services offered by NSTAR in the last 12 months.

In the event that NSTAR determines that there is a change in the credit level or collateral requirements, the customer may request a written explanation of the basis for this change. Such notification should be sent to the NSTAR contact indicated on the NSTAR OASIS site. NSTAR shall respond to such request within 20 days of receipt of such notification.

Unless otherwise noted above, when there is a change in a customer's Creditworthiness Status requiring the customer to provide Financial Assurance, the customer must provide such Financial Assurance within 20 business days from the date the customer either notifies NSTAR, as required in Section VI.B above, or receives notice from NSTAR.

VIII. Ongoing Financial Review:

Each customer is required to submit to NSTAR annually or when issued, as applicable:

- Current rating agency report;
- Audited financial statements from a registered independent auditor; and

- 10-Ks and 8-Ks, promptly upon their issuance.

IX. Suspension of Service:

NSTAR may immediately suspend service (with notification to Commission) to a customer, and may initiate proceedings with Commission to terminate service, if the customer does not meet the terms described in Sections III through VIII above at any time during the term of service or if the customer's payment obligations to NSTAR exceed the amount of unsecured or secured credit to which it is entitled under this Attachment L. A customer is not obligated to pay for transmission service that is not provided as a result of a suspension of service.