

Network Operating Agreement

ATTACHMENT G

Network Operating Agreement

This Network Operating Agreement is made this ____ day of _____, 20____,
by and between Vermont Electric Power Company, Inc. ("Transmission Provider"), and
_____ ("Network Customer").

WHEREAS, the Transmission Provider has determined that the Network Customer has made a valid request for Network Integration Transmission Service in accordance with the Transmission Provider's Local Open Access Transmission Tariff ("Tariff"); and

WHEREAS, the Network Customer has represented that it is an Eligible Customer qualified to take service under the Tariff;

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

1. GENERAL TERMS AND CONDITIONS

This Network Operating Agreement is an implementing agreement for Network Integration Transmission Service under the Transmission Provider's Tariff and is subject to the Tariff, as the Tariff is in effect at the time this Agreement is executed or as the Tariff thereafter may be amended. The Tariff as it currently exists or is hereafter amended is incorporated herein by reference. In the case of any conflict between this Network Operating Agreement and the Tariff, the Tariff shall control.

The Transmission Provider agrees to provide transmission service to the Network Customer's equipment or facilities, subject to the Network Customer operating its facilities in

accordance with applicable criteria, rules, standards, procedures, or guidelines of the Transmission Provider, its Affiliates, New England Power Pool ("NEPOOL"), and the Northeast Power Coordinating Council ("NPCC"), as they may be adopted and/or amended from time to time. In addition to those requirements, service to the Network Customer's equipment or facilities is provided subject to the following specified terms and conditions.

- a. Electrical Supply: The electrical supply to the Point(s) of Delivery shall be in the form of three-phase sixty hertz alternating current at a voltage class determined by mutual agreement of the parties.
- b. Coordination of Operations: The Transmission Provider shall consult with the Network Customer regarding timing of scheduled maintenance of the Transmission System. In the event of a curtailment of service or the implementation of load shedding procedures, the Transmission Provider shall use due diligence to resume delivery of electric power as quickly as possible.

2. REPORTING OBLIGATIONS

- a. The Network Customer shall be responsible for providing all information required by NEPOOL and NPCC and by the Transmission Provider's dispatching functions. The Network Customer shall respond promptly and completely to the Transmission Provider's requests for information, including but not limited to data necessary for operations, maintenance, regulatory requirements and analysis. In particular, that information may include:
 - i. For Network Loads: 10-year annual peak load forecast; load power factor performance; load shedding capability; under frequency load

- shedding capability; disturbance/interruption reports; protection system setting conformance; system testing and maintenance conformance; planned changes to protection systems; metering testing and maintenance conformance; planned changes in transformation capability; conformance to harmonic and voltage fluctuation limits; dead station tripping conformance; and voltage reduction capability conformance.
- ii For Network Resources and interconnected generators: 10-year forecast of generation capacity retirements and additions; generator reactive capability verification; generator under frequency relaying conformance; protection system testing and maintenance conformance; planned changes to protection system; and planned changes to generation parameters.
- a. The Network Customer shall supply accurate and reliable information to the Transmission Provider regarding metered values for MW, MVAR, volt, amp, frequency, breaker status indication, and all other information deemed necessary by the Transmission Provider for safe and reliable operation. Information shall be gathered for electronic communication using one or more of the following: supervisory control and data acquisition ("SCADA"), remote terminal unit ("RTU") equipment, and remote access pulse recorders ("RAPR"). All equipment used for metering, SCADA, RTU, RAPR, and communications must be approved by the Transmission Provider.

3. OPERATIONAL OBLIGATIONS

The Network Customer shall request permission from the Transmission Provider prior to opening and/or closing circuit breakers in accordance with applicable switching and operating procedures. The Network Customer shall carry out all switching orders from the Transmission Provider, the Transmission Provider's Designated Agent, or the System Operator in a timely manner.

- a. The Network Customer shall balance the load at the Point(s) of Delivery such that the differences in the individual phase currents are acceptable to the Transmission Provider.
- b. The Network Customer's equipment shall conform with harmonic distortion and voltage fluctuation standards of the Transmission Provider.
- c. The Network Customer's equipment must comply with all environmental requirements to the extent they impact the operation of the Transmission Provider's system.
- d. The Network Customer shall operate all of its equipment and facilities connected to the Transmission Provider's system in a safe and efficient manner and in accordance with manufacturers' recommendations, Good Utility Practice, applicable regulations, and requirements of the Transmission Provider, NEPOOL, NPCC, the National Electric Safety Code and the National Electric Code.
- e. The Network Customer is responsible for supplying voltage regulation equipment on its subtransmission and distribution facilities.

4. NOTICE OF TRANSMISSION SERVICE INTERRUPTIONS

If at any time, in the reasonable exercise of the Transmission Provider's judgment, operation of the Network Customer's equipment adversely affects the quality of service or interferes with the safe and reliable operation of the system, the Transmission Provider may discontinue transmission service until the condition has been corrected. Unless the Transmission Provider perceives that an emergency exists or the risk of an emergency is imminent, the Transmission Provider shall give the Network Customer reasonable notice of its intention to discontinue transmission service and, where practical, allow suitable time for the Network Customer to remove the interfering condition. The Transmission Provider's judgment with regard to the discontinuance of service under this paragraph shall be made in accordance with Good Utility Practice. In the case of such discontinuance, the Transmission Provider shall immediately confer with the Network Customer regarding the conditions causing such discontinuance and its recommendation concerning timely correction thereof.

5. ACCESS AND CONTROL

Properly accredited representatives of the Transmission Provider shall at all reasonable times have access to the Network Customer's facilities to make reasonable inspections and obtain information required in connection with this Tariff. Such representatives shall make themselves known to the Network Customer's personnel, state the object of their visit, and conduct themselves in a

manner that shall not interfere with the construction or operation of the Network Customer's facilities. The Transmission Provider shall have control such that it may open or close the circuit breaker or disconnect and place safety grounds at the Point(s) of Delivery, or at the station, if the Point(s) of Delivery is remote from the station.

6. POINT(S) OF DELIVERY

Network Integration Transmission Service shall be provided by the Transmission Provider to the Point(s) of Delivery as specified by the Network Customer in accordance with Part III of the Tariff.

7. MAINTENANCE OF EQUIPMENT

- a. Unless otherwise agreed, the Transmission Provider shall own all metering equipment.
- b. The Network Customer shall maintain all of its equipment and facilities connected to the Transmission Provider's system in a safe and efficient manner and in accordance with manufacturers' recommendations, Good Utility Practice, applicable regulations and requirements of the Transmission Provider, NEPOOL and NPCC.
- c. The Transmission Provider may request that the Network Customer test, calibrate, verify or validate the data link, metering, data acquisition, transmission, protective, or other equipment or software owned by the Network Customer, consistent with the Network Customer's routine obligation to maintain its equipment and facilities or for the purposes of

investigating potential problems on the Network Customer's facilities. The Network Customer shall be responsible for the cost to test, calibrate, verify or validate the equipment or software.

- d. The Transmissions Provider shall have the right to inspect the tests, calibrations, verifications and validations of the Network Customer's data link, metering, data acquisition, transmission, protective, or other equipment or other software connected to the Transmission Provider's system.
- e. The Network Customer, at the Transmission Provider's request, shall supply the Transmission Provider with a copy of the installation, test, and calibration records of the data link, metering, data acquisition, transmission, protective or other equipment or software owned by the Network Customer and connected to the Transmission Provider's system.
- f. The Transmission Provider shall have the right, at the Network Customer's expense, to monitor the factory acceptance test, the field acceptance test, and the installation of any metering, data acquisition, transmission, protective or other equipment or software owned by the Network Customer and connected to the Transmission Provider's system.

8. EMERGENCY SYSTEM OPERATIONS

- a. The Network Customer's equipment and facilities, etc. shall be subject to all applicable emergency operation standards required of and by the Transmission Provider to operate in an interconnected transmission network.
- b. The Transmission Provider reserves the right to take whatever actions or

inactions it deems necessary during emergency operating conditions to: (i) preserve the integrity of the Transmission System, (ii) limit or prevent damage, (iii) expedite restoration of service, or (iv) preserve public safety.

9. COST RESPONSIBILITY

The Network Customer shall be responsible for all costs incurred by the Transmission Provider relative to the Network Customer's facilities. Appropriate costs may be allocated to more than one Network Customer, in a manner within the reasonable discretion of the Transmission Provider.

10. ADDITIONAL OPERATIONAL OBLIGATIONS OF NETWORK CUSTOMER

- a. Voltage or Reactive Control Requirements:
- i. Unless directed otherwise by the Transmission Provider, the Network Customer shall ensure that all generating facilities designated as Network Resources are operated with an automatic voltage regulator(s). The Network Customer shall ensure that the voltage regulator(s) control voltage at the Point(s) of Receipt consistent with the range of voltage scheduled by the Transmission Provider, the Transmission Provider's agent or the System Operator.
 - ii. At the discretion of the Transmission Provider, the Transmission Provider's Designated Agent or the System Operator, the Network Customer may be directed to deactivate the automatic voltage regulator and to supply reactive power

in accordance with a schedule which shall be provided by the Transmission Provider, the Transmission Provider's Designated Agent or the System Operator, and in such event the Network Customer shall act in accordance with such direction.

- iii. If the Network Customer does not have sufficient installed capacity in generating facilities designated as Network Resources to enable the Network Customer to operate such facilities consistent with recommendations of the Transmission Provider, or if Network Resources fail to operate at such capacity, the Transmission Provider or the Transmission Provider's Designated Agent may install, at the Network Customer's expense, reactive compensation equipment necessary to ensure the proper voltage or reactive supply at the Point(s) of Receipt.
- b. Station Service: When generating facilities designated as Network Resources are producing electricity, the Network Customer shall supply its own station service power. If and when the Network Customer's generation facility is not producing electricity, the Network Customer shall obtain station service capacity and energy from the franchise utility providing service or other source.
- c. Protection Requirements: Protection requirements are defined in the Transmission Provider's standard interconnection contract and in NEPOOL

and NPCC documents as may be adopted or amended from time to time.

d. Operational Obligations:

- i. The NEPOOL Operations Committee ("NOC") may require that generation facilities designated as Network Resources be equipped for Automatic Generation Control ("AGC"). The Network Customer shall be responsible for all costs associated with installing and maintaining an AGC system on applicable Network Resources.
- ii. The Transmission Provider retains the right to require reduced generation at times when system conditions present transmission restrictions or otherwise adversely affect the Transmission Provider's other customers. The Transmission Provider shall use due diligence to resolve the problems to allow the generator to return to the operating level prior to the Transmission Provider's notice to reduce generation.
- iii. All operations (including start-up, shutdown and determination of hourly generation) shall be coordinated with the System Operator, the Transmission Provider or the Transmission Provider's Designated Agent.

e. Coordination of Operations:

- i. The Network Customer shall furnish the Transmission Provider with generator annual maintenance schedules for all Network Resources and shall advise the Transmission Provider if a Network Resource is

- capable of participation in system restoration and/or if it has black start capability.
- ii. The Transmission Provider reserves the right to specify turbine and/or generator control (e.g., droop) settings as determined by the System Impact or Facilities Study or subsequent studies. The Network Customer agrees to comply with such specifications by the Transmission Provider at the Network Customer's expense.
 - iii. If the generator is not dispatchable by NEPOOL, the Network Customer shall notify the Transmission Provider at least 48 hours in advance of its intent to take its resource temporarily off-line and its intent to resume generation. In circumstances such as forced outages, the Network Customer shall notify the Transmission Provider as promptly as possible of the Network Resource's temporary interruption of generation and/or transmission.
- f. Power Factor Requirement: The Network Customer agrees to maintain an overall Load Power Factor and reactive power supply within predefined sub-areas as measured at the Point(s) of Delivery within ranges specified by the Transmission Provider or NEPOOL criteria, rules and standards which identify the power factor levels that must be maintained throughout the applicable sub-area for each anticipated level of total NEPOOL load. The Network Customer agrees to maintain Load Power Factor and reactive power requirements within the range specified by the Transmission Provider or

NEPOOL, as appropriate for the sub-area based on total NEPOOL load during that hour. NEPOOL may revise the power factor limits required from time to time. If the Network Customer lacks the capability to maintain the Load Power Factor within the ranges specified, the Transmission Provider may install, at the Network Customer's expense, reactive compensation equipment necessary to ensure proper load power factor at the Point(s) of Delivery.

- g. Protection Requirement: The Network Customer's relay and protection systems must comply with all applicable Transmission Provider, NEPOOL and NPCC criteria, rules, procedures, guidelines, standards or requirements as may be adopted or amended from time to time.
- h. Operational Obligation: The Network Customer shall be responsible for operating and maintaining security of its electric system in a manner that avoids adverse impact to the Transmission Provider's or other's interconnected systems and complies with all applicable Transmission Provider, NEPOOL and NPCC operating criteria, rules, procedures, guidelines and interconnection standards as may be amended or adopted from time to time. These actions include, but are not limited to: Voltage Reduction Load Shedding; Under Frequency Load Shedding, Block Load Shedding; Dead Station Tripping; Transferring Load Between Point(s) of Delivery; Implementing Voluntary Load Reductions Including Interruptible Customers; Starting Stand-by Generation; Permitting Transmission Provider

Controlled Service Restoration Following Supply Delivery Contingencies on
Transmission Provider Facilities.

11. FAILURE TO PERFORM

If the Network Customer fails to carry out its obligations under this
Agreement, the matter shall be subject to the dispute resolution procedures of
Section 12 of the Tariff.

The Parties, whose authorizing signatures appear below, warrant that they shall abide by the
foregoing terms and conditions.

VERMONT ELECTRIC POWER COMPANY, INC.

By: _____

Title: _____

Dated: _____

(Insert name of Network Customer)

Vermont Electric Power Company, Inc.
Local Open Access Transmission Tariff
Revised Sheet No. 15

By: _____

Title: _____

Dated: _____