

Eversource and NSTAR
Supplemental Manual for Credit and Security Requirements for
Generator Interconnections
Under Schedules 11, 22, 23 and 25 of the ISO-NE OATT

1. General Information

All customers requesting an interconnection pursuant to Schedules 11, 22, 23 or 25 of the ISO New England Inc. (“ISO-NE”) Open Access Transmission Tariff (“OATT”) for interconnection to any of The Connecticut Light and Power Company, Western Massachusetts Electric Company, and Public Service Company of New Hampshire (“Eversource”) and NSTAR Electric Company (NSTAR”) transmission or distribution systems must meet the terms of this Creditworthiness Policy and Procedure for Generating Facility Interconnections (“Policy”) posted on OASIS. Eversource and NSTAR may herein be referred to as “the Company,” and such term is intended to refer to either Eversource or NSTAR, as appropriate.

All information requested herein should be forwarded to the person(s) at the address designated in the applicable agreement, which shall be set forth in an executed Small or Large Generator Interconnection Agreement or such other agreement which may be entered into by the parties. Capitalized terms used herein not otherwise defined herein shall have the meanings as set forth in Schedules 22, 23 or 25 of the ISO-NE OATT.

2. Required Financial Assurance

- (A) Upon the execution of a Small or Large Generator Interconnection Agreement or such other agreement that may be entered into by the parties for the purpose of performing work or services pursuant to an Interconnection Request, and in addition to any deposits made with ISO-NE with regard to Interconnection Studies, a customer shall provide to the Company an amount of financial assurance equivalent to the highest of: (i) \$50,000 US; (ii) the rolling six (6) months of Estimated Costs throughout the cycle of Interconnection Work if using cash as the financial assurance; or (iii) the highest six (6) months of Estimated Costs based on the entire cycle of the Interconnection Work if a letter of credit is used as the form of financial assurance. “Estimated Costs” are all costs including, but not limited to, engineering, procurement, design, construction, potential penalties, planning, legal, and related expenditures or overheads (“Interconnection Work”) that the Company estimates to incur. To account for the potential financial exposure to penalties resulting from an order or contract being cancelled, the Estimated Cost will account for such a possibility by including that penalty in the estimate. It will be added to the Estimated Cost in the month in which the commitment was made.
- (B) Pursuant to Section 2(A) above, the Company shall continue to evaluate the costs and, in the event that the cash held by the Company is insufficient to cover the next six month rolling period, the customer shall be notified by e-mail or phone, of the Estimated Costs for the next six months, and remit to the Company such amount necessary to cover such costs for such period. In the event that the Company determines that the cash held at such time exceeds the Estimated Costs to cover the next six month rolling period, excluding potential penalties, of Interconnection Work, the Company shall work with the customer to remit such amount, however,

the Company shall retain a minimum of \$50,000 unless otherwise agreed to at its sole discretion.

3. Interest

When cash is used as the form of Financial Assurance, the Company will pay to the customer interest on the amounts held but not yet due to the Company, computed in accordance with 18 C.F.R. §35.19a(a)(2)(iii) of the Commission's Regulations.

4. Letter of Credit – Requirements

- (A) A letter of credit must be one or more irrevocable, transferable standby letters of credit issued by a United States commercial bank or a United States branch of a foreign bank provided that such customer is not an affiliate of such bank. The issuing bank must have a credit rating of at least A2 from Moody's or an A rating from S&P or Fitch, or an equivalent credit rating by another nationally recognized rating service reasonably acceptable to the Company, provided that such bank shall have assets totaling not less than ten billion dollars (\$10,000,000,000). All costs of the letter of credit shall be borne by the applicant for such letter of credit. In the event of an inconsistency in the ratings by Moody's, S&P, or Fitch, a "split rating", the lowest credit rating shall apply.
- (B) If the credit rating of a bank or other financial institution issuing a letter of credit to a customer falls below the levels specified in Section 4(A) above, the customer shall have three (3) business days to obtain a suitable letter of credit from another bank or other financial institution that meets the specified levels unless the Company agrees in writing to extend such period.

5. Letter of Credit - Notifications

Each customer must inform the Company in writing within three (3) business days of any material change in its letter of credit issuer's financial condition. A material change in financial condition may include, without limitation, the following:

- a) change in ownership by way of a merger, acquisition, or substantial sale of assets;
- b) downgrade by a recognized major financial rating agency;
- c) placement on credit watch with negative implications by a major financial rating agency;
- d) a bankruptcy filing by the issuer; or
- e) declaration of or acknowledgement of insolvency.

6. Suspension of Service - The Company may immediately suspend service (with notification to the Commission) to a customer, and may initiate proceedings with the Commission to terminate service, if the customer does not meet the terms described in Sections 2, 4 and 5 at any time during the term of service or if the customer's payment obligations to the Company exceed the amount of credit to which it is entitled hereunder. A customer shall be obligated to pay for all costs actually incurred, after commercially reasonable mitigation effort, as a result of a suspension of service.