

Attachment A
to
Bid Price Proposal

Bidder Conditions

The Bidder's offer to provide standard offer service at the prices described in its Bid Price Proposal is made subject to the acceptance by the Commission of the following conditions as expressly stated herein, without modification except upon the written agreement of the Bidder. The Commission's order designating the Bidder as a standard offer provider (the "Provider") shall expressly incorporate each of the conditions stated herein (the "Order").

Upon such acceptance and designation, the Bidder's resulting rights and obligations as Provider shall consist of (i) the applicable and material provisions of Maine law and regulations, and provisions of the RFP; (ii) the Order, incorporating the express conditions of this Bid Price Proposal; (iii) the Standard Offer Provider Standard Service Agreement described below; (iv) the Credit and Settlement Agreement described below and (v) the related provisions of the Entitlement Agreement described below (collectively, the "Standard Offer Obligation"). In the event of any conflict or inconsistency between the terms and conditions of the Order and any other terms and conditions described above, the terms and provisions of the Order shall prevail and be given priority. Subject to the foregoing, the several documents and instruments forming the Standard Offer Obligation are to be taken as mutually explanatory of one another and in the case of ambiguities or discrepancies within or between such parts the same shall be explained and interpreted, if possible, in a manner which gives effect to each part and which avoids or minimizes conflicts among such parts.

- Proposal Expiration Date. 5:00 PM Eastern Prevailing Time, September 18, 2001
- Standard Offer Provider Standard Service Agreement. The named T&D shall execute, deliver and perform the Standard Offer Provider Standard Service Agreement between Bidder and T&D in the form delivered to the Commission with the Bid Price Proposal (the "SOP Agreement") on or before the Proposal Expiration Date.
- Entitlement Agreement. T&D shall execute, deliver and perform each entitlement agreement between Bidder's wholesale provider (the "Entitlement Purchaser") and T&D in the form delivered to the Commission with the Bid Price Proposal, modified only as necessary to incorporate the rates quoted by the Entitlement Purchaser in its bid to T&D of even date herewith (all such agreements, collectively referred to herein as the "Entitlement Agreement") on or before the Proposal Expiration Date.
- Credit and Settlement Agreement. T&D shall execute, deliver and perform the Comprehensive Credit Support and Settlement Calculation Agreement among Bidder, Bidder's wholesale provider and T&D in the form delivered to the Commission with the Bid Price Proposal (the "Credit and Settlement Agreement") on or before the Proposal Expiration Date.
- Confidentiality of Bidder Identification and Entitlement Agreement Rates. The Commission agrees (i) not to reveal the identity of the Bidder or the Entitlement Purchaser prior to the date which is two (2) weeks after the date of the Order designating Bidder as Provider; and (ii) to protect the confidentiality of the rates proposed to be paid by the Entitlement Purchaser under the Entitlement Agreement in

accordance with the terms of the Protective Order issued by the Commission on August 3, 2001 in Docket No. 2001-399 through December 31, 2001.

- Renewable Resource Portfolio Requirement. The Commission finds that the facilities described in the Renewable and Eligible Resource Entitlement Agreement described above qualify as eligible renewable or efficient resources pursuant to Chapters 301 and 311 of the Commission's Rules.
- Increased Costs Associated With Change in Law.

If the Maine legislature or the Commission enacts, promulgates, adopts, alters, modifies or waives¹ any law, rule or regulation that relates directly to the provision of standard offer service or the provision of competitive electric service in general after the date hereof (a "Change in Law") and such Change in Law materially increases the Provider's cost to provide standard offer service, Provider shall recover such increased costs in accordance with paragraph (a) or paragraph (b) below, as applicable. Provider shall provide the Commission and, if applicable, the Maine Legislature with a calculation of its increased costs as soon as practicable after becoming aware of a Change in Law or consideration by the Commission or the Maine Legislature of a Change in Law.

(a) If the Commission finds that Provider's calculation reasonably reflects its increased costs, the Commission shall increase the price of standard offer service paid by retail standard offer customers at the time a Change in Law becomes effective so that Provider recovers increased costs in accordance with Provider's calculation.

(b) If the Commission does not find that Provider's calculation reasonably reflects its increased costs, the Commission may increase the price of standard offer service paid by retail customers such that the Provider recovers increased costs in accordance with the Commission's calculation. In this event, Provider may invoke binding arbitration of the increased cost amount by notice to the Commission. Any such arbitration shall be conducted in accordance with the rules of the American Arbitration Association, except as otherwise provided herein. A final arbitration decision shall be rendered no later than ninety (90) days after the date on which Provider provides notice to the Commission that it has invoked arbitration. From and after the date of Provider's arbitration notice and until the conclusion of any such arbitration proceeding pursuant to final decision of the arbitrators,, Provider may recover the difference between the increased cost amount as calculated by Provider and the amount being paid to Provider in respect of such increased costs as an offset to the Entitlement Purchaser's payment obligation as provided under the Entitlement Agreement with the applicable T&D. If the amount awarded pursuant to such arbitration is materially less than the amount offset by Entitlement Purchaser in respect of the Change in Law during the pendency of the arbitration, Entitlement Purchaser shall refund such difference to T&D, together with interest on such difference calculated at a rate equal to 18% per annum as provided in the Entitlement Agreement.

¹ Except for opt-out fee waivers granted by the Commission pursuant to its January 24, 2001 "Order Adopting Rule and Statement of Factual and Policy Basis" (Docket No. 2000-904).

Notwithstanding the foregoing, if upon receipt of reasonable prior direct notification of a proposed Change in Law, the Provider fails within the time prescribed in such notice to inform the Maine Legislature or the Commission, pursuant to applicable procedures identified in such notice, of the impact that a Change in Law under consideration would have on Provider's cost to provide standard offer service, Provider shall not be entitled to cause the Commission to undertake action with respect to its increased costs or to engage in arbitration proceedings with respect thereto as provided in clause (a) or (b) above.

- Termination by Provider. In the event of a default on the part of the T&D which results in termination of the SOP Agreement or the Entitlement Agreement, or an unlawful or arbitrary action by the Maine legislature or the Commission or other action by the Commission (other than as a result of a Provider Default) as a result of which Provider ceases to receive payment for standard offer service at the rate and upon the terms specified herein or Provider is removed as the standard offer provider or ceases to retain the right to provide standard offer service for the entire term specified herein, Provider shall have the right to terminate its obligation to provide standard offer service, the exercise of which shall terminate both the SOP Agreement and the Entitlement Agreement. Provider's loss as a consequence of such termination shall be calculated and recovered from T&D, by Entitlement Purchaser on behalf of Provider, pursuant to the Credit and Settlement Agreement. For purposes of such calculation, Provider's loss shall not include any consequential or indirect damages.
- Termination by Commission. The unexcused occurrence of either of the following events shall constitute a "Provider Default": (i) Provider or Entitlement Purchaser fails to satisfy its Load Asset Contract obligations for the applicable Load Assets in the ISO-NE market settlement system (or its equivalent obligations in any successor market settlement system), as a result of which T&D or other third party is obligated to assume responsibility for all such market settlement obligations; or (ii) Provider or Entitlement Purchaser fails to perform any other of its material obligations under the Standard Offer Obligation in accordance with the requirements thereof, and the Commission, after notice and opportunity to be heard, finds that the failure justifies removal of the Provider as the standard offer provider.

Notwithstanding any provision to the contrary in the Standard Offer Obligation, the Commission shall not, nor shall it permit T&D to, take any remedial action as a result of a failure or default of Provider (including action(s) described in Section 8.2 of the RFP and Section 9 of Chapter 301) unless such event constitutes a Provider Default.

- Security: The Commission shall find that the Form of Guaranty delivered to the Commission with the Bid Price Proposal satisfies Provider's financial capability requirements under Maine law, regulations, the RFP and any other Standard Offer Obligation provision (notwithstanding a Change in Law) so long as the guarantor thereunder meets the requirements of Section 3(A)(2)(b)(i), (ii) and (iii) of Chapter 301 of the Commissions Rules (as in effect as of the date hereof). Provider shall promptly notify the Commission in the event of a downgrade in the rating assigned to the senior secured debt obligations of the guarantor thereunder below the threshold specified in such rule (or the equivalent in the case of a downgrade of the guarantor's senior unsecured debt obligations), and shall deliver, within five (5) Business Days, a letter of credit or performance bond, in an amount equal to the amount of the Guaranty in effect as of such date and otherwise consistent with the requirements of

Section 3(A)(2) of Chapter 301, at which time the Guaranty of CEG shall terminate and be of no further force and effect.