

**NB Energy Marketing Bidder Conditions
Final Bid Proposals (September 21, 2016)**

**Emera Maine – Maine Public District Standard Offer Service RFP
Issued by MPUC on June 24, 2016**

NB Energy Marketing Corporation's (NB Marketing) Standard Offer Bid contains pricing with the following contingencies:

- a) Small Class Proposal 1: The bid price is valid for 7 months for the Small Class, beginning November 1, 2016.
- b) Small Class Proposal 2: The bid price is valid for 7 months for the Small Class, beginning November 1, 2016, with a 31 month extension term contingent upon a revised Market Rule 10 for the Northern Maine Independent System Administrator's (NMISA) Northern Region (Emera Maine - Maine Public District). The NMISA has recently proposed to its Board a revised Market Rule 10, which would allow generation resources located within the New Brunswick Balancing Authority Area to meet a supplier's capacity obligation in the NMISA North Region without the need for firm transmission into northern Maine (Emera Maine – Maine Public District). If, prior to March 31, 2017, NMISA obtains FERC approval of its revised Market Rule 10 (eliminating the need for firm transmission into NMISA North Region for capacity resources located within the New Brunswick Balancing Authority Area to meet NMISA's entire capacity obligation) and the revised Market Rule 10 becomes effective on or prior to June 1, 2017 for the remaining term of this agreement, then the bid term and prices will extend 31 months for a total term of 38 months (ending December 31, 2019).
- c) Medium Class Proposal 1: The bid prices are valid for 7 months for the Medium Class, beginning November 1, 2016.
- d) Medium Class Proposal 2: The bid prices are valid for 7 months for the Medium Class, beginning November 1, 2016, with a 31 month extension term contingent upon a revised Market Rule 10 for the Northern Maine Independent System Administrator's (NMISA) Northern Region (Emera Maine - Maine Public District). The NMISA has recently proposed to its Board a revised Market Rule 10, which would allow generation resources located within the New Brunswick Balancing Authority Area to meet a supplier's capacity obligation in the NMISA North Region without the need for firm transmission into northern Maine (Emera Maine – Maine Public District). If, prior to March 31, 2017, NMISA obtains FERC approval of its revised Market Rule 10 (eliminating the need for firm transmission into NMISA North for capacity resources located within the New Brunswick Balancing Authority Area to meet NMISA's entire capacity obligation) and the revised Market Rule 10 becomes effective on or prior to June 1, 2017 for the remaining term of this agreement,

then the bid term and prices will extend 31 months for a total term of 38 months (ending December 31, 2019).

- e) The Small Class bid is conditioned upon NB Marketing being awarded the standard offer service provider for 100% of the Small Class. The Medium Class bid is conditioned upon NB Marketing being awarded the standard offer service provider for 100% of the Medium Class.
- f) Prices are valid for 100% of the Small Class and 100% of the Medium Class.
- g) Bid Proposal Expiration Date – will be close of business on the date of final bids, September 21, 2016.
- h) Increased Costs Associated with Change in Law. If either (1) the applicable Transmission and Distribution (T&D) Utility (Emera Maine - Maine Public District) changes its current regional participation status [i.e. withdraws from the Northern Maine Independent System Administrator (NMISA) and joins another regional operator/administrator or operates independently] after the date hereof (a "Change in Participation") or (2) the U.S. Congress, Maine legislature, Maine Public Utilities Commission (Commission), NMISA, Federal Energy Regulatory Commission (FERC), or the New Brunswick Transmission and System Operator (NBTSO) enacts, promulgates, adopts, alters, modifies or waives¹ any law, rule or regulation that impacts the provision of standard offer service, transmission rights, or the provision of competitive electric service in general after the date hereof (a "Change in Law") and such Change in Participation or 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 Participation or Change in Law or consideration by the T&D Utility, Commission or the Maine Legislature of a Change in Participation or 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 Participation or Change in Law becomes effective or take other action 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 or take other action 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

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).

than ninety (90) days after the date on which Provider provides notice to the Commission that it has invoked arbitration. To the extent the arbitration panel finds that a Change in Participation or Change in Law has occurred and has increased the Provider's costs, the arbitration panel shall have the authority to award the Provider a liquidated amount payable for service already provided at the increased cost. The Commission, within a reasonable period of time after receipt of the arbitration decision, shall award the Provider an increase in the price of standard offer service to be provided for the balance of the standard offer term or take other action sufficient to permit the Provider to recover such increased costs as determined by the arbitrator.

Notwithstanding the foregoing, if upon receipt of reasonable prior direct notification of a proposed Change in Participation or Change in Law, the Provider fails within the longer of the time prescribed in such notice or 90 days to inform the Maine Legislature or the Commission, pursuant to applicable procedures identified in such notice, of the impact that a Change in Participation or 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.

- i) Confidentiality of Bidder Identification - The Commission agrees not to reveal the identity of Provider prior to the date which is two (2) weeks after the date of the Order Designating Provider as a Standard Offer Service Provider.
- j) Standard Offer Provider Standard Service Agreement - The named T&D shall execute, deliver and perform the Standard Offer Provider Standard Service Agreement between Provider and T&D in the forms, as applicable, delivered to the Commission with the Final Bid Price Proposal (the "SOP Agreement(s)") within twenty-four (24) hours after the Proposal Expiration Date.
- k) 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 an unlawful or arbitrary action by the Maine legislature, governmental entity with jurisdiction in Maine 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 full compensation 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 (among other remedies) to terminate its obligation to provide standard offer service, the exercise of which shall terminate all of Provider's SOP Obligations. The parties' payment of termination damages in the event of such a termination shall be calculated and recovered pursuant to the relevant liquidation provisions of the SOP Agreement. For purposes of such calculation, Provider's loss shall not include any consequential or indirect damages.

- l) Any reliability related charges imposed on NB Marketing by the Northern Maine Independent System Administrator (NMISA) or its successor shall be charged and recovered from Emera Maine. Reliability related charges, include, but may not be limited to, short-term out-of merit dispatch costs and long-term reliability must run contracts.

- m) Security – The Commission shall find that the form of letter of credit delivered to the Commission with the SOP Agreements is acceptable. The financial assurance shall be in the form of the letter of credit in the total amount of the Base Security. During the term of the SOP Agreement NB Marketing may, subject to the terms of the SOP Agreements and MPUC approval, replace all or a portion of the letter of credit with a Guaranty and conversely all or a portion of the Guaranty with a letter of credit. The Initial Base Security amount for the Small Class Bid is \$1.64 million and such Initial Base Security amount shall automatically be reduced by \$700,000 quarterly (every three months) during the initial 7 month initial term of service. With respect to Small Class Proposal 2, within five business days following FERC's order approving the revised Market Rule 10, NB Marketing will post Additional Base Security of \$7.24 million and such Additional Security amount shall automatically be reduced during the extension term of service by \$700,000 quarterly (every three months). The Initial Base Security amount for the Medium Class Bid is \$470,000 and such Initial Base Security amount shall automatically be reduced \$200,000 quarterly (every three months) during the initial 7 month term of service. With respect to Medium Class Proposal 2, within five business days following FERC's order approving the revised Market Rule 10, NB Marketing will post Additional Base Security of \$2.1 million and such Additional Security amount shall automatically be reduced during the extension term of service by \$200,000 quarterly (every three months). If NB Marketing provides both a Guaranty and letter of credit, then NB Marketing shall specify to the T&D which form of financial assurance that will be reduced by the pro-rata amount.