

**New Brunswick Power Generation Corporation Bidder Conditions
Final Bid Proposals (January 25, 2012)**

**Medium Class Standard Offer Service RFP
Central Maine Power Company (CMP or T&D)
Issued December 8, 2011**

New Brunswick Power Generation Corporation's (NB Power) Standard Offer Bid contains pricing with the following contingencies:

- a) Bid Prices are valid for 20%, 40%, 60%, 80% and 100% of the Medium Class for March 2012 through August 2012.
- b) Bid Proposal Expiration Date – is the close of business on the date of final bids, January 25, 2012.
- c) Increased Costs Associated With Change in Law. If either (1) the applicable Transmission and Distribution (T&D) Utility (Central Maine Power Company, or Bangor Hydro-Electric Company) changes its current regional participation status [i.e. withdraws from New England Independent System Operator (ISO-NE) and joins another regional operator/administrator or operates independently] after the date hereof (a "Change in Participation") or (2) 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 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 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

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).

no later 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 increased the Provider's costs and that the Provider is entitled to a corresponding increase in the price of Standard Offer Service, the arbitration panel will have the authority to award the Provider a liquidated amount payable for service already provided at the increased cost and to award the Provider an increase in the price of standard offer service to be provided for the balance of the standard offer term sufficient to permit the Provider to recover such increased cost.

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.

- d) 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.
- e) 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 two days after the Proposal Expiration Date.
- f) 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 Comprehensive Credit Support and Final Settlement Calculation Agreement or SOP Agreement, as applicable. For purposes of such calculation, Provider's loss shall not include any consequential or indirect damages.

g) Security – The Commission shall find that the form(s) of financial assurance delivered to the Commission with the SOP Agreements is/are acceptable. The financial assurance shall be in the form of a Guaranty and/or letter of credit in the total amount of the Base Security. During the term of the SOP Agreement NB Power may, subject to the terms of the SOP Agreements and any necessary 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 Base Security amount for the Bid is \$7.0 million for the awarded 6 month term, and such Base Security amount may automatically be reduced pro-rata during the term of service. If NB Power provides both a Guaranty and letter of credit, then NB Power shall specify to the T&D which form of financial assurance that will be reduced by the pro-rata amount. Where NB Power provides a letter of credit as security pursuant to the Standard Offer Service Provider Agreement, NB Power will inform Central Maine Power Company by the next business day of any notification from the issuing bank to NB Power pursuant to Special Condition 1 of the Letter of Credit that the Letter of Credit will not be renewed.