

**NB Energy Marketing Bidder Conditions  
Final Bid Proposal (December 18, 2013)**

**Maine Public Service Company Standard Offer Service RFP  
Issued by MPUC on September 30, 2013**

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

- a) The bid price is valid for either 25 or 32 months inclusive, beginning March 1, 2014.
- b) The bid is conditioned upon NB Marketing being awarded standard offer service provider for 100% of both the Small Class and Medium class.
- c) Prices are valid for 100% of the Small and Medium Classes.
- d) Bid Proposal Expiration Date – will be close of business on the date final bids, December 18, 2013.
- e) Increased Costs Associated With Change in Law. If either (1) the applicable Transmission and Distribution (T&D) Utility (Maine Public Service Company) 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 Maine legislature or the Maine Public Utilities Commission (Commission) enacts, promulgates, adopts, alters, modifies or waives<sup>1</sup> 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 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

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<sup>1</sup> 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).

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. 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.

- f) 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.
- g) 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.
- h) 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.

- i) 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 Maine Public Service Company (MPS). Reliability related charges, include, but may not be limited to, short-term out-of merit dispatch costs and long-term reliability must run contracts.
  
- j) 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 Base Security amount for the Bid is \$3.8 million per year for the awarded term, and as specified in the RFP such Base Security amount shall automatically be reduced pro-rata during the term of service. 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.