Standard Offer Provider

Standard Service Agreement

for the Maine Public District

[ ], 20[ ]

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**STANDARD OFFER PROVIDER SERVICE AGREEMENT**

This Agreement (the “Agreement”) made this [ ] day of [ ], 20[ ], between [T & D utility], a Maine corporation with a principal place of business at [ ] (“T&D”), and [ ] (“Provider”). In this Agreement, T&D and Provider are sometimes referred to individually as a "Party" and collectively as the "Parties."

1. Basic Understandings

1.1 The Maine Legislature enacted An Act to Restructure the State’s Electric Industry Public Law 1997, Chapter 316 codified as 35-A M.R.S.A. §§ 3201-3217 (the “Restructuring Act”). Accordingly, the T&D agrees to provide services to Provider in accordance with the Restructuring Act, all applicable Maine Public Utilities Commission (“MPUC”) Rules and Regulations, the Maine Electronic Business Transactions Standards approved by the MPUC (“EBT Standards”), all applicable FERC jurisdictional tariffs, rate schedules and agreements and the T&D's Terms and Conditions, incorporated herein by reference (all of the foregoing being further identified in Exhibit C and hereinafter collectively referred to as the “Precepts”), and the terms of this Agreement.

1.2 The Parties agree that, notwithstanding any provision of this Agreement, the Precepts relating to the subject matter of this Agreement shall apply, with the MPUC's order designating Provider as the Standard Offer Service provider and defining its obligations as the Standard Offer Service provider (the "SOP Obligations") pursuant to the conditions included thereunder (the "Order") to serve as the preeminent Precept hereunder. Accordingly, in the event of any conflict between the Order and any other Precept, the Order shall control. In the event that: (a) any conflict between a term of this Agreement and any Precept, or (b) any aspect of the Parties’ transactions relative to the subject matter of this Agreement is not fully addressed by this Agreement, but is addressed in a Precept, then the applicable Precept shall govern. Subject to the provisions of the aforementioned Order, in the event that a Precept shall change and as a result any provision of this Agreement shall be in conflict with the Precept, the Precept, as changed, shall govern. Upon any change in a Precept which renders a provision of this Agreement inconsistent with the Precept, either Party may propose that the MPUC approve a conforming amendment to this Agreement. To the extent that neither clause (a) nor clause (b) above is applicable, this Agreement shall govern the Parties’ respective rights and obligations with respect to the subject matter of this Agreement.

1.3 This form of Agreement has been developed for use between the T&D and Provider, and may not be waived, altered, amended, or modified, except as provided herein. Exhibits A, B, C, D and E and Appendix 1 attached hereto form a part of this Agreement.

2. Definitions

2.1 Any capitalized terms used in this Agreement and not defined herein shall be as defined in the applicable Precept.

2.2 “Base Security” shall have the meaning set forth in the MPUC’s RFP.

2.3 “Business Day” means any day except a Saturday, Sunday, a Federal Reserve Bank holiday, a holiday recognized by the State of Maine, or a holiday as defined by the North American Electric Reliability Corporation or any successor organization thereto. A Business Day shall open at 8:00 a.m. and close at 4:00 p.m. EPT.

2.4 “Claim” shall have the meaning set forth in Section 20.3 hereof.

2.5 "Confidential Information" shall have the meaning set forth in Section 16.1 hereof.

2.6 "Contract Price" shall have the meaning set forth in Section 8.1 hereof.

2.7 “Costs” means, with respect to the Non-Defaulting Party, brokerage fees, commissions and other similar third-party transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace any transaction contemplated hereunder and the SOP Obligations and all reasonable attorneys’ fees and expenses incurred by the Non-Defaulting Party in connection with the termination of any transaction contemplated hereunder and the SOP Obligations.

2.8 "Credit Rating" shall mean the credit rating assigned to the long-term senior unsecured debt of the entity being rated by a Rating Agency, provided, that, if at any time, the Rating Agencies assign more than one credit rating to all or any issuances of such long-term senior unsecured debt (including, without limitation, in the event that any of the Rating Agencies assign different credit ratings to the same issuance of such debt), the Credit Rating shall be determined by reference to the lowest of such credit ratings in effect at such time. In the absence of such a rating by either of Standard & Poor’s or Moody’s, then the long-term senior unsecured debt rating from Fitch will control.

2.9 “Current Security” shall have the meaning set forth in Appendix 1 hereto.

2.10 "Defaulting Party" shall have the meaning set forth in Section 18.1 hereof.

2.11 "Delivery Point" shall have the meaning set forth in Section 6.8 hereof.

2.12 "EBT Standards" shall have the meaning set forth in Section 1.1 hereof.

2.13 “EDTV” shall have the meaning set forth in Section 6.4 hereof.

2.14 "Effective Date" shall have the meaning set forth in Section 3.1 hereof.

2.15 “EPT” means the prevailing time in Boston, Massachusetts.

2.16 "Event of Default" shall have the meaning set forth in Section 18.1 hereof.

2.17 “Excess Market Exposure Security” shall have the meaning set forth in Appendix 1.

2.18 “Force Majeure” shall have the meaning set forth in Section 19.1 hereof.

2.19 “Fitch” means Fitch IBCA, Inc., its successors and assigns.

2.20 “Gains” means, with respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of a transaction contemplated hereunder and the SOP Obligations, determined in a commercially reasonable manner.

2.21 “Guaranty Cap” shall have the meaning set forth in the MPUC’s RFP.

2.22 "Indemnified Party" shall have the meaning set forth in Section 20.1 hereof.

2.23 "Indemnifying Party" shall have the meaning set forth in Section 20.1 hereof.

2.24 “Investment Grade” means (i) with regard to a Credit Rating assigned by Standard & Poor’s or Fitch, a Credit Rating equal to or better than BBB-; or (ii) with regard to a Credit Rating assigned by Moody’s, a Credit Rating equal to or better than Baa3.

2.25 “Load Asset” means the asset or assets assigned to the Provider in the NMISA Market System (or its successor) by the NMISA that represents the obligations of Provider’s Share of Retail SOS Customer load.

2.26 “Losses” means, with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from termination of a transaction contemplated hereunder and the SOP Obligations, determined in a commercially reasonable manner, subject to the provisions of Section 21.2.

2.27 “LSE” shall have the meaning set forth in Section 6.7 hereof.

2.28 “Moody’s” means Moody's Investors Service, its successors and assigns.

2.29 "MPUC" shall have the meaning set forth in Section 1.1 hereof.

2.30 “MPUC’s RFP” shall mean the Request for Proposals to Provide Standard Offer Service to T&D’s [Medium] [Large] [Residential and Small] Non-Residential customers for the Term beginning [ ], 20[ ], issued on [ ], 20[ ].

2.31 “Net Worth” shall have the meaning set forth in Section 17.2(a) hereof.

2.32 “NMISA” means Northern Maine Independent System Administrator, Inc. or its successors and assigns.

2.33 "Non-Defaulting Party" shall have the meaning set forth in Section 18.1 hereof.

2.34 "Opt-Out Fees" shall have the meaning set forth in Section 7.5 hereof.

2.35 "Order" shall have the meaning set forth in Section 1.2 hereof.

2.36 “Party” shall have the meaning set forth in the preamble hereto.

2.37 "Performance Assurance" shall have the meaning set forth in Section 17.2 hereof.

2.38 "Precept(s)" shall have the meaning set forth in Section 1.1 hereof.

2.39 "Provider" shall have the meaning set forth in the preamble hereto.

2.40 “Provider Guarantor” means [ ]. and its successors and permitted assigns under the Provider Guaranty.

2.41 "Provider Guaranty" means the guaranty to be issued by the Provider Guarantor in favor of the T&D, or any replacement guaranty issued by a permitted assignee.

2.42 "Provider Payment Due Date" shall have the meaning set forth in Section 8.4 hereof.

2.43 "Provider’s Share" shall have the meaning set forth in Exhibit D hereof.

2.44 "Rating Agency" means each of Standard & Poor's and Moody's, and, to the extent allowed under the definition of Credit Rating in Section 2.6, Fitch, and their successors and assigns.

2.45 "Restructuring Act" shall have the meaning set forth in Section 1.1 hereof.

2.46 "Retail SOS Customers" shall have the meaning set forth in Section 3.1 hereof.

2.47 "SOS" means “Standard Offer Service” as defined herein.

2.48 "SOP Obligations" shall have the meaning set forth in Section 1.2 hereof.

2.49 “Standard & Poor's” means Standard & Poor's Rating Group, its successors and assigns.

2.50 “Standard Offer Service” means service provided to Retail SOS Customers by Provider as ordered by the MPUC.

2.51 "T&D" shall have the meaning set forth in the preamble hereto.

2.52 “T&D Guarantor” means [ ] and its successors and permitted assigns under a guaranty delivered to the Provider pursuant to Section 17.2 of this Agreement.

2.53 "T&D Billing Date" shall have the meaning set forth in Section 8.3 hereof.

2.54 "T&D Downgrade Event" shall have the meaning set forth in Section 17.2(a) hereof.

2.55 "T&D Payment Due Date" shall have the meaning set forth in Section 8.3 hereof.

2.56 "Term of Agreement" shall have the meaning set forth in Section 3.1 hereof.

2.57 "Term of Service" shall have the meaning set forth in Section 3.1 hereof.

2.58 "Termination Payment" shall have the meaning set forth in Section 18.5 hereof.

3. Term

3.1 This Agreement shall become effective on the date hereof (“Effective Date”) and shall continue in full force and effect until the earlier of the end of the Term of Service or such time as a consequence of the earlier termination of this Agreement in accordance with Section 18 hereof (the "Term of Agreement"). Any termination of the Provider's SOP Obligations also shall effectuate a termination of this Agreement. Notwithstanding the Effective Date, the obligations of the Parties hereunder are subject to the satisfaction of, or the express written waiver of, the conditions precedent set forth in Section 4 of this Agreement and the MPUC’s issuance of the Order. The Provider's obligation to deliver Provider’s Share of standard offer service to [Medium] [Large] [Residential and Small] non-Residential Customers (as described in Exhibit A, the "Retail SOS Customers") in the T&D's service territory at the Delivery Point, and the T&D's obligation to pay the Provider for SOS on behalf of such Retail SOS Customers, shall become effective on the HE 0100, EPT on [ ], 20[ ], and shall remain in effect through HE 2400, EPT, on

[ ], 20[ ] (the “Term of Service”), unless earlier terminated pursuant to this Agreement.

3.2 After the Term of Agreement, the Parties shall no longer be bound by the terms and provisions hereof, except: (a) to the extent necessary to enforce any rights or obligations, provide for final accounting, billing, billing adjustments, resolution of any billing disputes, realization of any collateral or other security, set-off, final payments, payments pertaining to liability and indemnification obligations arising from acts or events that occurred during the Term of Service, (b) to the extent that a term or provision by its terms or operation, purports to survive the Term of Agreement, and (c) the obligations of the Parties hereunder with respect to confidentiality and indemnification shall survive the Term of Agreement and shall continue for a period of two (2) years following the Term of Agreement. Notwithstanding any other provision of this Agreement, upon the termination of this Agreement (i) due to an Event of Default by T&D under this Agreement or (ii) under Section 7.4, Provider shall transfer ownership of the Load Asset to T&D, regardless of the standing or status of T&D within the NMISA arrangements at the time and T&D shall promptly execute any documentation necessary to effect such transfer.

4. Conditions Precedent

4.1 The following requirements shall be conditions precedent to T&D’s obligations hereunder:

A. The Provider shall have provided all information requested in Exhibit B of this Agreement.

B. The Provider shall maintain a valid Competitive Electricity Provider license from the MPUC, shall be entitled to transact business through NMISA, and shall retain its designation as a SOP pursuant to the Order.

C. The Provider shall successfully complete (or provide evidence of successful completion of) EBT training and complete EBT/EDI testing with the T&D as described in the Maine EBT Standards.

5. Representations

5.1 Each Party represents that, during the Term of Agreement, it is and shall remain in material compliance with all applicable laws, tariffs, and MPUC regulations that are related to each Party’s performance under this Agreement and the provision of Standard Offer Service by the Provider.

5.2 Each person executing this Agreement for the respective Parties represents and warrants that he or she has authority to bind that Party.

5.3 Each Party represents that: (a) it has the full power and authority to execute, deliver and perform this Agreement and no consents of any other Party and no act of any other governmental authority is required in connection with the execution, delivery and performance of this Agreement (except for those consents previously obtained, including the Order); (b) the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate or other action by such Party; (c) the execution, delivery and performance of this Agreement do not violate any of the terms and conditions in its governing documents or any contract to which it is a Party or, to such Party’s knowledge, any law, rule, regulation, order, writ, judgment, decree or other legal or regulatory determination applicable to such Party; and (d) this Agreement constitutes that Party’s legal, valid and binding obligation, enforceable against such Party in accordance with its terms, subject to any equitable defenses.

5.4 Each Party shall exercise all reasonable care, diligence and good faith in the performance of its duties pursuant to this Agreement, and carry out its duties in accordance with applicable recognized standards.

6. Provider’s Responsibilities

6.1 Revisions to Exhibit B shall be submitted to the T&D business contact and shall become effective five (5) Business Days after the revised Exhibit B has been submitted to the T&D, unless the T&D notifies the Provider in writing prior to the expiration of this five (5) Business Day period that the information received is inaccurate or incomplete. Upon receipt of such notice, the Provider shall correct such information within five (5) Business Days thereafter. Such corrected revision shall become effective five (5) Business Days after the revised Exhibit B has been re-submitted to the T&D.

6.2 The Provider shall designate a business contact and a technical contact (which may be the same person) in Exhibit B. The business contact and the technical contact will attend (or provide evidence of previous attendance of) the applicable Maine EBT Competitive Electricity Provider Training Workshops prior to the Provider being eligible to conduct initial and subsequent EDI/EBT testing. In the event that the designated contacts change, the Provider will use commercially reasonable efforts to arrange training for the new contact person as soon as practicable.

6.3 The T&D shall be entitled to reasonably rely on the representations made by the business contact person designated by the Provider regarding the implementation and administration of the provisions of this Agreement.

6.4 The Provider shall be responsible for its initial testing costs related to the Electronic Data Transmission Vehicle (“EDTV”) as well as the cost of ensuring that its data transfer system remains compatible with the EDTV used by the T&D as the same may be replaced or modified from time to time.

6.5 The Provider shall be responsible for all relationships with, and the performance of, third-party vendors with which it contracts, and the T&D shall be entitled to deal directly with the Provider and such third-party vendors as to any EDTV issues.

6.6 If the EBT Standards shall be modified or changed in accordance with the procedures outlined in the EBT Standards or any successor thereto, the T&D will review the changes to determine if additional testing is required. If additional testing is warranted, the T&D will propose a testing schedule, and there shall be a reasonable opportunity for testing before EBT modifications are implemented. It shall be the Provider’s responsibility to successfully implement modifications and changes in EBT Standards. The T&D will reject invalid or nonconforming EBT transactions.

6.7 If the responsibilities with respect to the ownership of the Load Asset are redefined during the Term of Agreement in accordance with the Precepts, then the Provider shall be responsible for such new products and obligations associated with the Load Asset, including, but not limited to, Day Ahead Load Obligations and Real Time Load Obligations. If the concept of the Load Asset is eliminated during the Term of Agreement, the Provider shall continue to provide the equivalent Day Ahead Load Obligations and Real Time Load Obligations in effect immediately prior to such elimination. Transmission costs under the NMISA FERC FPA Electric Tariff as it may be amended from time to time (“NMISA Tariff”) and T&D utility’s Transmission Tariff (if any), and all costs allocated on the basis of Network Load, shall be the responsibility of the T&D utility’s customers. The Provider shall be responsible for the provision of and payment for ancillary services which are not included under the NMISA Tariff and are the responsibility of Load Serving Entities (“LSE’s”) pursuant to the Precepts, unless the customer opts to assume these responsibilities.

6.8 Provider shall deliver SOS to the Maine Load Zone (the “Delivery Point”) and shall assume all obligations related to this locational definition, or any subsequent definition, of the applicable Standard Offer Service customer load. Any costs imposed on Load Assets shall be the responsibility of the applicable LSE, and shall not be the responsibility of the T&D utility.

* 1. To the extent required by the applicable Precepts, the Provider shall provide, in a timely manner, data for the T&D to produce and distribute the information disclosure labels or comparable information in a timely manner, and shall be responsible for the accuracy of such data.
  2. If Provider has been designated by the MPUC to provide Standard Offer Service to residential customers in the T&D’s service territory, then Provider shall purchase any electricity made available by eligible generators when required by Chapter 315 of the MPUC regulations and any technical specifications adopted thereunder.

1. T&D Services and Responsibilities

7.1 The T&D shall designate a business contact and technical contact (which may be the same person) in Exhibit A hereof. The Provider shall be entitled to reasonably rely on the representations made by the business contact designated by the T&D regarding the implementation and administration of the provisions of this Agreement.

7.2 In the event the Provider defaults on its obligation to provide Standard Offer Service as determined by the MPUC, the T&D may withhold and dispose of funds otherwise payable to the Provider to cover the costs of replacement service, to the degree that it is authorized to do so by the MPUC, provided, however, that, upon an Event of Default by either Provider or T&D, funds so withheld shall increase the outstanding termination payment due from the T&D or decrease the outstanding Termination Payment payable to the T&D as calculated in accordance with Section 18.5.

7.3 The T&D will provide all metering functions for Retail SOS Customers during the Term of Agreement, in accordance with the Precepts. All metered accounts will have either an actual meter reading, or an estimated reading and usage if an actual meter reading is not available. For unmetered accounts, usage will be imputed in accordance with any applicable tariffs or other MPUC-approved calculation procedures. Should the T&D discover any error in reported billing determinants, it shall notify the Provider via EBT of the correct billing determinants. Notwithstanding the foregoing, the Parties acknowledge that the T&D may estimate usage, and such estimated usage shall not be considered a billing error so long as such estimated readings have been performed in accordance with all applicable MPUC-approved rules and regulations and the applicable Precepts.

7.4 The T&D shall not operate and maintain the T&D system in violation of applicable law, if such violation materially adversely affects the Provider’s rights or obligations under this Agreement. The T&D shall (i) operate in a manner which does not discriminate against deliveries of SOS by the Provider, and (ii) during the Term of Service, to the extent necessary for purposes of implementing this Agreement, continue to transact business for the wholesale settlement of load through NMISA. If the T&D shall fail to comply with the requirements of (ii) above, the T&D shall have the opportunity to cure such failure within three (3) Business Days of the occurrence of such non-compliance. The Provider shall have the right to continue or terminate this Agreement, at its sole option, if the T&D fails to cure such non-compliance within the time period specified in the immediately foregoing sentence.

7.5 If the MPUC requires fees, penalties or sanctions (“Opt-Out Fees”) applicable to Retail SOS Customers, the T&D shall use commercially reasonable efforts to enforce the provisions related to Opt-Out Fees. If the MPUC requires the production of periodic reports relating to enforcement actions with respect to Opt-Out Fees, the T&D shall submit a periodic report to Provider regarding such enforcement actions. "Commercially reasonable efforts" in this instance shall include, but not be limited to: (i) the T&D’s monitoring of all Retail SOS Customers returning to or leaving SOS during the preceding month to determine if such Retail SOS Customers are required to pay an Opt-Out Fee pursuant to Chapter 301; (ii) the payment by the T&D to the Provider of Provider’s Share of all such Opt-Out Fees within five (5) Business Days of the T&D's collection thereof, if any; and (iii) the enforcement of any T&D right to disconnect any Retail SOS Customer who fails to remit such required Opt-Out Fee to the T&D by the due date therefor. If Commission requires Opt-Out Fees for Retail SOS, the T&D shall not seek on behalf of, or support any application filed by, a Retail SOS Customer (or aggregator thereof) for a waiver or reduction of such Opt-Out Fees in any administrative, regulatory and/or judicial proceeding; provided, however that the T&D may notify Retail SOS Customers of their right to seek such waiver or reduction.

* 1. Information and disclosure labels shall be made available by the T&D to all Retail SOS Customers if required by the applicable Precepts.

7.7 Administration of Electricity Sales. The T&D shall administer the sale of electricity from eligible generators in accordance with Chapter 315 of the MPUC’s rules and any technical specifications adopted thereunder.

8. Payment and Billing

8.1 Contract Price. For the purposes of this Agreement, the contract price to be paid to the Provider by the T&D for the SOS delivered to Retail SOS Customers hereunder is set forth in Exhibit D hereto (the “Contract Price”).

8.2 Calculation of Daily Payment. The T&D shall pay to the Provider a daily payment for SOS during the Term of Agreement in an amount equal to the following:

(a) the product of:

(i) the daily aggregate amount of KWhs billed to Retail SOS Customers, as determined in accordance with Section 7.3, and

(ii) the Provider’s Share thereof, and

(iii) the applicable Contract Price (in $/kWh),

minus

(b) the uncollectible allowance percentage (set forth in Exhibit A hereto) of the amount calculated pursuant to (a) above.

8.3 Payment Procedures. The T&D shall issue payment to the Provider’s financial institution designated in Exhibit B hereto via electronic funds within twenty-six (26) calendar days following the date of Retail SOS Customer billing by the T&D (the "T&D Payment Due Date"). The T&D's date of Retail SOS Customer billing shall be no later than five (5) Business Days after the applicable meter reading date established pursuant to the T&D's meter reading schedule (attached hereto as Exhibit A, as may be amended from time to time) subject to the Force Majeure provisions of Section 19 hereto (the "T&D Billing Date"). In the event that the scheduled T&D Payment Due Date falls on a weekend or holiday, the T&D Payment Due Date shall be the next Business Day. In the event an erroneous amount is transferred, a transaction to correct the error shall be processed on the next T&D Payment Due Date. If the correction amount is greater than fifty thousand dollars ($50,000), the funds shall be electronically transferred to the appropriate Party the same Business Day as the erroneous transfer is discovered, if feasible. In no event shall the period to correct an error greater than fifty thousand dollars ($50,000) exceed two (2) Business Days. If the Provider questions the payment, the Provider may request the T&D documentation supporting the T&D’s calculation of the questioned payment.

8.4 T&D Service Charges. As soon as practicable after the end of each month during the Term of this Agreement, the T&D shall supply to the Provider its invoice for such charges for purposes of billing and payment hereunder. The Provider shall issue payment to the T&D’s financial institution designated by T&D or on such invoice upon the later of (i) ten (10) days of the date appearing on the invoice or (ii) the twenty-fifth (25th) day of the month in which the invoice is received by the Provider (the "Provider Payment Due Date"). In the event that the scheduled Provider Payment Due Date falls on a weekend or holiday, the transfer shall be completed on the next Business Day. In the event an erroneous amount is transferred, a transaction to correct the error shall be processed on the next Provider Payment Due Date. If the correction amount is greater than fifty thousand dollars ($50,000), the funds shall be electronically transferred to the appropriate Party the same Business Day as the erroneous transfer is discovered, if feasible. In no event shall the period to correct an error greater than fifty thousand dollars ($50,000) exceed two (2) Business Days. If the Provider questions the payment, the Provider may request the T&D documentation supporting the T&D’s calculation of the questioned payment.

8.5 Late Payment Charges. Any amounts not paid when due pursuant to Sections 8.3 and/or 8.4 above, shall be deemed delinquent and shall then accrue interest from the Provider Payment Due Date or the T&D Payment Due Date, as the case may be, to the date of payment, at the per annum rate of interest equal to the prime lending rate, as published in *The Wall Street Journal* on the date of determination (or if not published on such date, on the most recent preceding day on which such rate shall be published), plus two percent (2%).

8.6 Payment Netting. Each Party may set off unpaid amounts against payments otherwise payable to the other Party hereunder.

9. Consolidated Utility Billing

9.1 T&D agrees to provide billing services to the Provider under the terms set forth in the Precepts. T&D acknowledges that T&D is collecting all amounts owed to Provider hereunder as Provider’s agent and, to the extent that such collected amounts are required to be paid by T&D to Provider hereunder pursuant to Section 8.2, such amounts, upon collection constitute property of Provider; provided, however, that T&D shall have no obligation to segregate such amounts into separate accounts or to otherwise change its internal accounting processes to recognize that such amounts are property of Provider. The Provider shall be responsible for the Provider’s Share of the T&D Consolidated Utility Billing charges as set forth in Exhibit A hereto in an applicable time period, and such charges shall remain at their current rates for billing related to SOS provided during the Term of Service. Bills issued to Retail SOS Customersshall include T&D's toll-free telephone number for customer inquiries.The T&D shall not be required to include any inserts, with the exception of disclosure labels as appropriate, at the behest of the Provider.

9.2 Standard Offer rates must be approved by the MPUC in the Order. The Provider shall submit its schedule of rates based on the results of the SOS contract award. The Provider shall submit Provider’s accepted bid price(s) to the T&D for testing in writing and/or in electronic format, at the option of the T&D; provided, that submission of such rate shall in no event affect Provider’s rights to receive payment pursuant to Section 8. Within twenty (20) days of submission of the rates for testing, the T&D shall complete testing of the rates and provide the test results to the Provider. The Provider shall be responsible for certifying to the T&D its written acceptance of the test results. No rate shall be used in Consolidated Utility Billing until such time as the T&D has completed its testing and the Provider has certified the results of the testing as satisfactory in accordance with this subsection 9.2. The rates shall be available for use in Consolidated Utility Billing no more than five (5) Business Days after the Provider's submission of its certification of acceptance to the T&D.

9.3 The T&D shall be solely responsible for the calculation, billing, collection and remittance of any Maine state sales tax applicable to the transactions contemplated by this Agreement in accordance with Maine law.

9.4 The T&D will prepare and mail one bill to the applicable billing account of each Retail SOS Customer which shall include the applicable rate as described in Section 9.2 and approved by the MPUC, together with the regular monthly bill for T&D service.

9.5 The T&D will comply with the MPUC’s April 14, 2009 Order in Docket No. 2008-178, and any successor Orders thereto, directing utilities to promote green supply products and renewable energy credit products through utility bill inserts and through including a reference to a green power website on the standard offer bills.

10. Transaction Processing

10.1 Except for such transactions for which a different process is set forth in Exhibit A, transactions will be processed in accordance with the EBT Standards. These transactions include, but are not limited to, account administration and reporting of customer class usage. Any changes in these standard transactions will be in accordance with the EBT Standards. Costs will be borne by the Parties in accordance with Chapter 322. Archiving of data shall be per the EBT Standards or other applicable Precept. Timing and frequency of data transfers shall be in accordance with Exhibit A, as may be amended from time to time.

10.2 Each Party shall be responsible for archiving data necessary for meeting its own business requirements.

11. Customer Service

11.1 The T&D, and not the Provider, shall be responsible for all aspects of customer service related to Standard Offer Service; provided, however, that Provider shall be responsible for customer inquiries related to information disclosure labels related to Provider’s Share of Standard Offer Service.

12. Load Estimating and Reporting

12.1 Until such time as T&D’s Advanced Metering Infrastructure (AMI) and supporting systems, including required upgrades to its customer information and billing systems, are in place to perform 100% load settlement using actual hourly meter data for all customer classes, the T&D shall develop load profiles and perform the calculation of load settlement obligations in accordance with the provisions of Exhibit A hereto and Chapter 321 of the MPUC's rules or any successor Precept. Once AMI, new load settlement systems, and the upgraded customer information and billing systems are fully functional, load profiles will only be used to estimate usage when AMI data is not available due to technical or timing issues with the infrastructure or for any AMI opt-out customers. T&D shall provide notice to Provider at least thirty (30) days prior to when 100% load settlement using actual hourly meter data for all customer classes is to commence.

12.2 The process of load estimation involves statistical samples and estimating error. The T&D shall not be responsible for any estimating errors and shall not be liable to the Provider for any costs associated with estimating errors which occur when the T&D performs load estimation in accordance with all applicable MPUC Rules.

12.3 Errors that are identified in the calculation of load settlement obligations may be corrected, and associated financial adjustments shall be made, within the time period allowed by NMISA. The Provider and the T&D are jointly responsible for identifying errors in a timely manner. The T&D shall correct errors as soon as practicable after they are identified, but shall not be responsible for any errors which are not identified in time to provide a reasonable period for correction within the time period allowed by NMISA.

12.4 In the event that the Provider takes any action to impose liability on the T&D in contravention of this section, the Provider will indemnify and hold harmless the T&D from any costs and expenses incurred by the T&D in any way associated with defending itself from such liability, including but not limited to, the reimbursement of reasonable attorneys’ fees and costs.

13. Additional Services

13.1 Additional Services, if any, provided by the T&D are set forth in the Exhibits to this Agreement.

14. Fees, Billing and Payment for T&D Services

14.1  The T&D will charge applicable fees to the Provider as set forth in Exhibit A and in the T&D’s Terms and Conditions, as approved by the MPUC.  The fees set forth in Exhibit A will not be changed during the Term of Agreement.  Thereafter, the Terms and Conditions will be subject to periodic review and adjustment upon approval by the MPUC.  Bills for services provided by T&D under the terms of this Agreement shall be rendered to Provider and shall be due upon receipt of said bill, unless otherwise specified in Exhibit A.  Failure of Provider to pay within the T&D’s grace period specified in Exhibit A shall entitle the T&D to charge interest on any unpaid balance calculated at the rate established by the Commission pursuant to Chapter 870 of its Rules, or any successor Precept.  The T&D may set off unpaid amounts against payments otherwise payable to the Provider hereunder.  Amounts subject to a good faith dispute will not be subject to off-set.

14.2If Provider has been designated by the MPUC to provide Standard Offer Service to residential customers in the T&D’s service territory, then T&D shall be entitled to set off against payments otherwise payable to the Provider hereunder any amount owed to eligible generators for electricity purchased by Provider under Chapter 315 of the MPUC’s regulations.

15. Audit Right

15.1Each Party, its affiliates and any third-party representative of a Party shall have the right, at its sole expense, to examine the records of the other Party related to this Agreement and the rights and obligations of the Parties hereunder during normal business hours upon reasonable notice. Any information gathered during such examination shall constitute Confidential Information subject to the requirements of Section 16.

16. Nondisclosure

16.1 Neither Party may disclose any Confidential Information obtained pursuant to this Agreement to any third-party without the express prior written consent of the other Party, except that disclosures to a Party's employees, officers, directors, advisors, suppliers, subcontractors and agents and the employees, officers, directors, advisors and agents of a Party's affiliates or qualified assignees pursuant to Section 26 are expressly permitted if deemed necessary for the performance of this Agreement by the disclosing Party. As used herein, the term “Confidential Information” shall include, but not be limited to, any and all of the following information: (i) any (a) financial information or (b) information related to hourly supply quantity with respect to SOS hereunder (provided, that, with respect to (b), the T&D may disclose such hourly quantity supply information to any third-party if such information relates to a time period more than thirty (30) days in the past or to any successor Standard Offer Service provider during the last ten (10 ) Business Days of the Term of Service solely for transition purposes); (ii) any information whether written or in intangible form that is clearly marked "Proprietary" or “Confidential;” (iii) any oral communication that is subsequently reduced to writing and marked “Confidential;” (iv) all business, financial, and commercial information pertaining to the Parties, customers of either or both Parties, providers for either Party or personnel of either Party; and (v) any trade secrets. Confidential Information shall not include information known to either Party prior to obtaining the same from the other Party, information in the public domain, or information obtained by a Party from a third-party who did not, directly or indirectly, receive the same from the other Party to this Agreement subject to an obligation of confidentiality or from a Party who was under an obligation of confidentiality to the other Party to this Agreement, or information developed by either Party independent of any Confidential Information. The receiving Party shall use the higher of the standard of care that the receiving Party uses to preserve its own Confidential Information or a reasonable standard of care to prevent unauthorized use or disclosure of such Confidential Information. Each receiving Party shall, upon termination of this Agreement and at any time upon the request of the disclosing Party, promptly return or destroy all Confidential Information of the disclosing Party then in its possession.

16.2 Notwithstanding the preceding, Confidential Information may be disclosed to NMISA, any governmental, judicial or regulatory authority requiring such Confidential Information pursuant to any applicable law, tariff, regulation, ruling, or order, provided that, except with respect to information required to be delivered to NMISA: (a) the T&D submits a request for confidential treatment of such Confidential Information under any applicable provision by such governmental, judicial or regulatory authority; and (b) prior to such disclosure, the other Party is given prompt notice of the disclosure requirement so that it may take whatever action it deems appropriate, including intervention in any proceeding and the seeking of any injunction to prohibit such disclosure.

17. Credit Support

17.1 Provider’s Credit Support

(a) The financial security requirements imposed on the Provider by the MPUC’s RFP shall be administered by the T&D.

(b) The Base Security amount must be furnished to T&D as provided for in the MPUC’s RFP. The Order designating Provider as an SOS Provider will indicate the form or forms of financial security that Provider initially will furnish to T&D in order to satisfy the Base Security requirements, including whether the Base Security amounts will decline during the Term of Service.

(c) From time to time, as determined by T&D in its discretion, but in any event no less frequently than once per calendar month, and except as provided in this section no more frequently than once per week. T&D shall calculate the Excess Market Exposure Security. The T&D shall calculate Excess Market Exposure Security more than once per week if ordered to do so by the MPUC. The method that T&D shall use to calculate Excess Market Exposure Security is described in Appendix 1 hereto. If the Excess Market Exposure Security amount is greater than zero, the T&D may request and the Provider must provide, within three (3) Business Days of T&D’s request, additional security equal to the Excess Market Exposure Security amount. If the Excess Market Exposure Security amount is less than zero, the Provider may request, and the T&D must return within three (3) Business Days of Provider’s request, an amount of Provider’s security equal to the absolute value of the Excess Market Exposure Security amount; provided, however, under no circumstances shall the T&D be required to return an amount of security that would result in the Current Security amount equaling less than the applicable Base Security amount. If the Excess Market Exposure Security amount equals zero, then Provider shall not be required to furnish additional security.

(d) If the Provider has furnished a Provider Guaranty from the Provider Guarantor, to the extent that the Excess Market Exposure Security amount plus the Current Security amount is less than or equal to the Guaranty Cap, then the Provider Guarantor may increase its corporate guaranty to the Excess Market Exposure Security amount plus the Current Security amount, to satisfy Provider’s credit support obligations hereunder.

(e) If the Provider has furnished cash or a letter of credit, or the Provider or Provider Guarantor is not able to satisfy any additional security requirement in form of a corporate guaranty because of the applicable Guaranty Cap, then the Provider may provide cash or another letter of credit (provided that such letter of credit meets the requirements set forth in the MPUC’s RFP) in the amount of the Excess Market Exposure Security, to satisfy Provider’s credit support obligations hereunder. To the extent that the applicable Guaranty Cap is greater than the Current Security amount, but less than the Excess Market Exposure Security amount plus the Current Security amount, then the Provider may increase the corporate guaranty to the Guaranty Cap amount, and furnish a letter of credit or cash to secure the amount that the Excess Market Exposure Security amount plus the Current Security amount exceeds the Guaranty Cap amount.

(f) Any cash provided by Provider as Provider’s credit support under this Agreement shall be held in an interest-bearing deposit account selected by T&D in its reasonable discretion; provided, however, that T&D shall have no obligation to segregate any cash provided as Provider’s credit support in a segregated account. As between T&D and Provider, interest shall accrue on that cash deposit at the daily federal funds rate and shall be retained in that account.

(g) If, during the Term of Agreement, there is an adverse change in the financial condition of the Provider or any Provider Guarantor which has issued a Guaranty to T&D, such that any of the Rating Agencies downgrades the Provider Guarantor’s Credit Rating, the Provider must so inform T&D within five (5) Business Days of such downgrade. Conversely, if, during the term of this Agreement, the Credit Rating of the Provider Guarantor is upgraded, then the Guaranty Cap and the Base Security amounts applicable to the Provider shall be those reflecting the improved Credit Rating. Provider also must inform the T&D of a downgrade warning with respect to Provider or any Provider Guarantor provided by a Rating Agency in a public announcement within five (5) Business Days of such public announcement; provided, however, Provider’s failure to furnish such notice of a downgrade warning on a timely basis shall not constitute Provider’s breach of this Agreement for which a remedy may be pursued.

(h) If, after delivery of this Agreement, the Credit Rating of the Provider Guarantor is downgraded so that the Credit Rating becomes below Investment Grade, then Provider must, within two (2) Business Days after such downgrade, provide T&D with a letter of credit or cash in the amount of the Current Security amount plus any Excess Market Exposure Security amount. If the Provider Guarantor’s Credit Rating subsequently improves to be at or above Investment Grade, then (i) the immediately preceding sentence shall not apply to Provider, (ii) the T&D shall return to the Provider the letter of credit and/or cash provided to T&D pursuant to the immediately preceding sentence within three (3) Business Days of Provider’s request therefor and (iii) Provider shall provide T&D with the financial security required pursuant to the remaining applicable provisions of this Section 17.1.

1. If, after delivery of this Agreement, the Credit Rating of the Provider Guarantor is downgraded so that a lower Guaranty Cap applies to the Provider Guarantor, then the Provider must, within two (2) Business Days after such downgrade, furnish T&D with a letter of credit or cash in the amount of the Excess Market Exposure Security amount minus the new applicable Guaranty Cap amount. If the Provider Guarantor’s Credit Rating improves so that a higher Guaranty Cap applies to the Provider’s Guarantor, then the T&D shall return or release (as applicable) a portion of the Provider or Provider Guarantor’s cash or letter of credit security equal to the amount of the associated increase in the Guaranty Cap within three (3) Business Days of Provider’s request for the return of such security and Provider’s provision of an additional or increased Provider Guaranty by Provider Guarantor to cover the amount of security to be returned by the T&D.

(j) To the extent that any security provided by Provider is no longer required by the foregoing provisions of this Section 17.1 or the provisions of the MPUC’s RFP, the T&D shall return such security to the Provider within three (3) Business Days of Provider’s request for the return of such security.

(k) Any dispute with respect to any matter set forth in this Section 17.1, including any dispute as to the calculation of Excess Market Exposure Security, shall be submitted to the MPUC for resolution. Any determination by the MPUC shall be final and binding upon on the Parties.

* 1. T&D Credit Support.

1. If at any time during the Term of Agreement, (i) the Credit Rating assigned to T&D by a Rating Agency, or if the T&D does not have a Credit Rating, then the rating then assigned by a Rating Agency to T&D as an issuer rating (or the T&D Guarantor, if a guaranty pursuant to Section 17.2(c) is then in effect), falls below Investment Grade or (ii) in the case where the T&D does not have a Credit Rating, the Net Worth of the T&D is less than $[TBD] (a “T&D Downgrade Event”), then the T&D (or the T&D Guarantor, If a guaranty pursuant to Section 17.2(c) is then in effect) shall promptly notify the Provider and the MPUC of such T&D Downgrade Event and shall deliver credit support to the Provider in a form and amount required pursuant to the definition of Performance Assurance set forth in Section 17.2 hereof, within five (5) Business Days of such T&D Downgrade Event. “Net Worth” means the sum, but without duplication, of (a) the value stated on the books of the T&D of the capital stock of the T&D and its subsidiaries plus (b) the amount of the paid in capital and retained earnings of the T&D and its subsidiaries, in each case as such amounts would be shown on a consolidated balance sheet of the T&D and its subsidiaries as of such time prepared in accordance with generally accepted accounting principles.

(b) If, after delivery of Performance Assurance as a result of a T&D Downgrade Event, (i) the Credit Rating of the T&D is restored to Investment Grade by both Rating Agencies, and/or (ii) the Net Worth of the T&D is restored to equal $[TBD] or more, the Provider shall return such Performance Assurance to the T&D within five (5) Business Days of notification of such event by the T&D.

(c) Performance Assurance. “Performance Assurance” shall mean, at the election of T&D, either: (a) an irrevocable letter of credit issued by a U.S. office of a commercial bank or trust company organized under the laws of the United States (or any state or a political subdivision thereof) or a Canadian Schedule A Chartered Bank with a U.S. branch office or U.S. affiliate bank and, in either case, having a long term debt rating or deposit rating of at least (A) Baa1 from Moody’s, and (B) BBB+ from Standard & Poor’s; or (b) so long as no T&D Downgrade Event has occurred with respect to the T&D Guarantor, a guaranty of the T&D obligations hereunder issued by the T&D Guarantor in substantially the same form as the guaranty delivered by the Provider to the T&D as of the date hereof pursuant to the requirements of Chapter 301 of the MPUC Rules and Regulations; (c) cash; or (d) such other Performance Assurance as is reasonably acceptable to the Provider, in each case in an amount set forth in Exhibit E; provided, that, to the extent that Performance Assurance delivered by T&D is in the form of cash and T&D makes any payment to Provider in advance of the date on which T&D is otherwise required to make payment to Provider pursuant to Section 8.3 hereof, T&D may request that Provider return such Performance Assurance to the extent of such early payment (and, unless T&D is in default under this Agreement, Provider shall so return such Performance Assurance within two (2) Business Days after such request); provided, further, however, that in the event that T&D ceases to make payments in advance of the date on which T&D is required to make payment to Provider pursuant to Section 8.3 hereof, within five (5) Business Days after request by Provider, T&D shall provide additional Performance Assurance to Provider, such that the aggregate amount of Performance Assurance held by Provider is equal to an amount set forth in Exhibit E for the applicable period.

(d) Any cash provided by T&D as T&D Credit Support under this Agreement shall be held in an interest-bearing deposit account selected by Provider in its reasonable discretion; provided, however, that Provider shall have no obligation to segregate any cash provided as T&D Credit Support in a segregated account. Interest shall accrue on that cash deposit at the daily federal funds rate and shall be retained in that account.

(e) Cost and Proceeds of Credit Support. All costs associated with obtaining any credit support required by Section 17.2 hereof shall be the sole responsibility of the T&D. The Provider may use, apply or retain the whole or any part of the proceeds of credit support issued in its favor for the payment of amounts owed by the T&D hereunder.

17.3 Information to be Provided.

Throughout the Term of Agreement, if the T&D or the Provider Guarantor does not have or ceases to have a Credit Rating, T&D and the Provider, as the case may be, will provide the other Party as soon as reasonably practicable following a written request from the other Party, with its or its guarantor’s, as applicable, annual audited financial statements prepared in accordance with generally accepted accounting principles (as defined or applied in the providing Party’s jurisdiction of incorporation or statement preparation) (“GAAP”) and quarterly unaudited consolidated financial statements prepared in accordance with GAAP (subject to normal year-end adjustments and the omission of footnotes), and in each case fairly presenting the financial condition of the applicable entity or entities (which such providing Party hereby represents and warrants as such) and certified by an authorized officer of the applicable entity; provided, however, in the event such entity is required to make or makes its annual audited and quarterly unaudited financial statements available to the public, then the Party shall use public sources to obtain such information.

18. Termination and Events of Default

18.1 Events of Default. For purposes of this Agreement, each of the following shall constitute an event of default (“Event of Default”) with respect to a Party (the “Defaulting Party”) if such event is not excused by Force Majeure: (a) failure by the Defaulting Party to make, when due, any payment or any delivery of Performance Assurance required under this Agreement if such failure is not remedied within three (3) Business Days after written notice of such failure is given by the other Party (the “Non-Defaulting Party”), provided that such payments shall not be the subject of a good-faith dispute; (b) a general assignment for the benefit of creditors made by the Defaulting Party; (c) the filing of a petition or commencement, authorization or consent by the Defaulting Party to the commencement of a proceeding, or cause of action, under any bankruptcy or similar law for the protection of creditors, (d) the filing of a petition commencing a proceeding or cause of action under any bankruptcy or similar law for the protection of creditors against Defaulting Party and such petition, proceeding or cause of action not being stayed, withdrawn or dismissed within sixty (60) days after such filing, (e) the Defaulting Party being declared bankrupt by a court of competent jurisdiction; (f) the written admission of the Defaulting Party of its inability to pay its debts generally as they become due; (g) the MPUC has made a determination that the Provider has failed to satisfy its Load Asset obligations for the Load Assets associated with SOS in the NMISA market settlement system (or its equivalent obligations in any successor market settlement system) and, as a result, the T&D or other third-party is obligated to assume responsibility for all such market settlement obligations; or (h) failure by the Defaulting Party to perform any other of its material obligations hereunder in accordance with the requirements of this Agreement, or if any material representation or warranty made by the Defaulting Party hereunder proves to be false or misleading in any material respect, in either event, if capable of cure, shall not be cured within fifteen (15) days following receipt of written notice demanding such cure.

18.2 Good Faith Disputes. Notwithstanding any provision to the contrary in this Article 18, neither Party may suspend performance or terminate this Agreement as a result of an event or occurrence described in subsections 18.1(a), (g) or (h), as the case may be, as to which there is a good faith dispute between the Parties concerning the right of the Non-Defaulting Party hereunder to terminate this Agreement. The Parties hereby agree to submit such good faith dispute to arbitration pursuant to the provisions of Section 22 hereof, and acknowledge that such obligation shall be subject to enforcement by a decree of specific performance. With respect to any such good faith dispute resolved pursuant to the provisions of Section 22, the time period to cure any default, which shall include payment of any damages determined to have been caused by such default, shall not commence until the issuance of a final arbitration decision; provided, however, that the accrual of such damages shall be from the date of notice of arbitration required under Section 22.2. Neither Party may terminate this Agreement if the Defaulting Party shall have complied fully with the arbitration decision within the time period set forth therein. If the Defaulting Party shall not comply fully with the arbitration decision within such time period, the Non-Defaulting Party shall have the right to terminate this Agreement and shall be entitled to recover its direct damages and losses (which shall not include consequential damages) related to all transactions contemplated between the Parties, such recovery to be determined pursuant to the applicable provisions of this Section 18.

18.3 Exercise of Remedies by the T&D. Upon the occurrence of a “Provider Default” under the Order or the occurrence of an Event of Default on the part of the Provider hereunder, the T&D, upon written notice to the Provider, shall have the right to (i) accelerate all amounts owing between the Parties hereunder and to liquidate and terminate all, but not less than all, of the transactions contemplated hereunder and the SOP Obligations provided that the effective date of any such termination shall occur no earlier than three (3) Business Days following receipt of such written notice, (ii) withhold any payments due to the Provider under any transactions contemplated hereunder and the SOP Obligations, (iii) dispose of funds otherwise payable to the Provider to cover the costs of replacement service (to the extent it is authorized to do so by the MPUC, provided that such authorization is consistent with applicable law), and/or (iv) suspend performance of this Agreement. For purposes of calculating damages or other amounts payable as a consequence of the foregoing, the T&D shall be considered the “Non-Defaulting Party” (in its own name, and in the name and on behalf of the affected Retail SOS Customers) and, shall have the sole right to collect damages as a consequence of any such failure on the part of the Provider from the Provider as the sole “Defaulting Party.”

18.4 Exercise of Remedies by the Provider. Upon the occurrence of an event entitling the Provider to terminate its SOP Obligations under the Order or the occurrence of an Event of Default on the part of the T&D hereunder, the Provider, upon written notice to the T&D, shall have the right to (i) accelerate all amounts owing between the Parties hereunder and to liquidate and terminate all, but not less than all, of the transactions contemplated hereunder and the SOP Obligations provided that the effective date of any such termination shall occur no earlier than three (3) Business Days following receipt of such written notice, (ii) withhold any payments due to the T&D under any transactions contemplated hereunder and the SOP Obligations, (iii) dispose of funds otherwise payable to the T&D to cover the costs of and any losses upon resale of service, and/or (iv) suspend performance of this Agreement and the SOP Obligations. For purposes of calculating damages or other amounts payable as a consequence of the foregoing, the Provider shall be considered the “Non-Defaulting Party” and, shall have the sole right to collect damages as a consequence of any such failure on the part of the T&D or otherwise to the detriment of the Provider from the T&D as the sole “Defaulting Party”.

18.5 Calculation of Termination Payment. Upon termination of this Agreement pursuant to Section 18.3 or Section 18.4, the Non-Defaulting Party shall calculate, in a commercially reasonable manner, the Losses (or Gains) and Costs, incurred as a result of the termination of this Agreement, and as a result of the termination of the Provider as the standard offer provider. The Non-Defaulting Party shall set off (i) all such Gains, plus all other amounts due to the Defaulting Party under all transactions contemplated hereunder and the Provider’s SOP Obligations, against (ii) all such Losses and Costs, plus all other amounts due from the Defaulting Party under the all transactions contemplated hereunder and the Provider’s SOP Obligations, so that all such amounts shall be netted to a single liquidated amount (the “Termination Payment”) payable by one Party to the other. The Termination Payment shall be due to or due from the Non-Defaulting Party as appropriate. The Parties agree that in calculating its Gains, Losses and Costs, the T&D shall assume for purposes of such calculations that it will be required by the MPUC to provide replacement SOS for the remainder of the term for which Provider would have been obligated to provide SOS had this Agreement not been liquidated and terminated. The quantities to be used in calculating the Termination Payment shall be the actual historic usage over the comparable prior year period, as reasonably adjusted for known changes in the load, as the proxy for the expected usage over the remaining term of this Agreement.

18.6 Notice of Termination Payment. As soon as practicable after a liquidation, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to or due from the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount. The Termination Payment shall be made by the Party that owes it within five (5) Business Days after such notice is effective.

18.7 Disputes With Respect to Termination Payment. If the Defaulting Party disputes the Non-Defaulting Party’s calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within five (5) Business Days of receipt of Non-Defaulting Party’s calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that if the Termination Payment is due from the Defaulting Party, the Defaulting Party first shall pay the undisputed portion of the Termination Payment to the Non-Defaulting Party pursuant to Section 18.6 above, and then deposit into an interest bearing escrow account for the benefit of the prevailing Party an amount equal to the disputed portion of such Termination Payment.

19. Force Majeure

19.1 Neither Party shall be considered to be a Defaulting Party under this Agreement or responsible in tort, strict liability, contract or other legal theory to the other Party for damages of any description for any event or circumstance which causes any interruption or failure of service or deficiency in the quality or quantity of service, or any other failure to perform if such failure: (i) is not caused by the affected Party’s fault or negligence; (ii) is caused by one or more events, conditions, or circumstances beyond the Party's reasonable control and; (iii) that by exercise of reasonable diligence the Party is unable to prevent or overcome, including without limitation, storm, flood, lightning, earthquake, explosion, civil disturbance, labor dispute, sabotage, war, insurrection, act of God or the public enemy, action of a court, public authority or NMISA (a “Force Majeure” event). Notwithstanding the foregoing, economic hardship of either Party shall not constitute a Force Majeure under this Agreement. Notwithstanding any other provision of this Agreement, any obligation to pay an amount otherwise owed may not be excused by Force Majeure.

19.2 If either Party is rendered wholly or partly unable to perform its obligations hereunder because of Force Majeure as defined above, that Party shall be excused from whatever performance is affected by the Force Majeure to the extent so affected, provided that:

A. The non-performing Party will, as soon as practicable after the occurrence of Force Majeure, give the other Party written notice describing the particulars of the occurrence,

B. The suspension of performance shall be of no greater scope and of no longer duration than is reasonably required by the Force Majeure, and

C. The non-performing Party shall use due diligence to remedy its inability to perform.

The non-performing Party shall inform the other Party of when it expects to remove the cause, if possible, and what steps it is taking to cure.

20. Indemnification

20.1 Each Party (“Indemnifying Party”) shall indemnify, defend and hold the other Party (“Indemnified Party”) and its partners, shareholders, members, directors, officers, employees and agents (including, but not limited to, affiliates and contractors and their employees), harmless from and against all Claims suffered or incurred by such Indemnified Party arising out of the Indemnifying Party’s negligence or willful misconduct. In the event injury or damage results from the joint or concurrent negligent or willful misconduct of the Parties, each Party shall be liable under this indemnification in proportion to its relative degree of fault. Such duty to indemnify shall not apply to any claims which arise or are first asserted more than two (2) years after the termination of this Agreement.

20.2 Each Indemnified Party shall promptly notify the Indemnifying Party of any Claim in respect of which the Indemnified Party is entitled to be indemnified hereunder. Such notice shall be given as soon as is reasonably practicable after the Indemnified Party becomes aware of each Claim; provided, however, that failure to give prompt notice shall not adversely affect any Claim for indemnification hereunder except to the extent the Indemnifying Party’s ability to contest any Claim by any third-party is materially adversely affected. The Indemnifying Party shall have the right, but not the obligation, at its expense, to contest, defend and litigate, and to control the contest, defense or litigation of, any Claim by any third-party alleged or asserted against any Indemnified Party arising out of any matter in respect of which such Indemnified Party is entitled to be indemnified hereunder. The Indemnifying Party shall promptly notify such Indemnified Party of its intention to exercise such right set forth in the immediately preceding sentence and shall reimburse the Indemnified Party for the reasonable costs and expenses paid or incurred by it prior to the assumption of such contest, defense or litigation by the Indemnifying Party. If the Indemnifying Party exercises such right in accordance with the provisions of this Article 20 and any Indemnified Party notifies the Indemnifying Party that it desires to retain separate counsel in order to participate in or proceed independently with such contest, defense or litigation, such Indemnified Party may do so at its own expense. If the Indemnifying Party fails to exercise its rights set forth in the third sentence of this paragraph, then the Indemnifying Party will reimburse the Indemnified Party for its reasonable costs and expenses incurred in connection with the contest, defense or litigation of such Claim.

20.3 For purposes of this Section 20, “Claim” means any claim or action threatened or filed by a person other than a Party hereto, and whether groundless, false or fraudulent, that directly or indirectly relates to the subject matter of an indemnity, and the resulting losses, damages, expenses, attorney’s fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement, and whether such claims are exemplary or punitive in nature.

21. Limitation of Liability

21.1 Each Party’s liability to the other Party for any loss, claim, injury liability, or expense, including reasonable attorneys’ fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred.

21.2 IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR EXEMPLARY DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES OF ANY KIND WHATSOEVER, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY OTHER PROVISION OR OTHERWISE, EXCEPT IN THE EVENT OF AN ACTION COVERED BY THE INDEMNIFICATION PROVISIONS OF SECTION 20, IN WHICH EVENT THIS SECTION 21 SHALL NOT BE APPLICABLE.

22. Dispute Resolution

22.1 In the event of any dispute between the Parties hereto as to a matter referred to within this Agreement or as to the interpretation of any part of this Agreement, the Parties shall refer the matter to their duly authorized representatives for resolution. Should such representatives of the respective Parties fail to resolve the dispute within ten (10) days from such referral, the Parties agree that any such dispute, except for those disputes which the MPUC has authority to resolve under applicable law, will not be referred to any court but will be referred to binding arbitration, in accordance with Section 22.2 of this Agreement, in the city where the T&D’s central office is located. It is the intent of the Parties that, to the extent that the MPUC has authority to resolve any dispute between the Parties, which is related to this Agreement, such dispute will be resolved by the MPUC. If the Parties do not agree as to whether the MPUC has authority to resolve a particular dispute, either Party may petition the MPUC to make a determination as to whether it has such authority. A copy of the petition will be forwarded to the applicable business contact as provided in Exhibits A and B hereto, as the case may be, and to the Maine Office of the Public Advocate. Arbitration proceedings regarding any such dispute shall be stayed pending the MPUC’s determination as to whether it has authority to resolve the dispute in question.

22.2 If any dispute that is eligible for arbitration has not been resolved by the duly authorized representatives of the Parties within ten (10) days from referral to them, either Party may give notice in writing to the other of its desire to submit the dispute to arbitration, and may designate an arbitrator. A copy of such written notice shall also be sent to the Administrative Director of the MPUC and to the Maine Office of the Public Advocate. Within fifteen (15) days after the receipt of such notice, the other Party may, in writing, serve upon the Party invoking such arbitration, a notice designating an arbitrator on its behalf. The two arbitrators so chosen shall within fifteen (15) days after the appointment of the second arbitrator, in writing, designate a third arbitrator. Upon the failure of the Party notified to appoint the second arbitrator within such time, the Party invoking such arbitration may proceed with the single arbitrator. If the first and second arbitrators are unable to agree on a third arbitrator within fifteen (15) days of the appointment of the second arbitrator, the first and second arbitrator shall invoke the services of the American Arbitration Association to appoint a third arbitrator. Said third arbitrator shall, to the extent practicable, have special competence and experience with respect to the subject matter under consideration. An arbitrator so appointed shall have full authority to act pursuant to this Section. No arbitrator, whether chosen by a Party hereto or appointed, shall have the power to amend or add to this Agreement. The Party calling the arbitration shall, within twenty (20) days after the earlier of (i) the failure of the other Party to name an arbitrator or (ii) the appointment of the third arbitrator, as the case may be, fix, in writing, a time and a place of hearing (which shall be in the city where the T&D’s central office is located, to be not less than twenty (20) days from delivery of notice of hearing to the other Party. The arbitrator or arbitrators shall, thereupon, proceed promptly to hear and determine the controversy pursuant to the then current rules of the American Arbitration Association for the conduct of commercial arbitration proceedings, except that if such rules shall conflict with the then current provisions of the laws of the State of Maine relating to arbitration, such conflict shall be governed by the then current provisions of the laws of the State of Maine relating to arbitration. Such arbitrator or arbitrators shall fix a time within which the matter shall be submitted to him or them by either or both of the Parties, and shall make his or their decision, within ten (10) days after the final submission to him or them unless, for good reasons to be certified by him or them in writing, he or they shall extend such time. The decision of the single arbitrator, or two of the three arbitrators, shall be taken as the arbitration decision. Such decision shall be made in writing and in duplicate, and one copy shall be delivered to each of the Parties. The arbitrator or arbitrators shall have no authority to award treble, exemplary or punitive damages of any type under any circumstances (except to the extent that such damages are otherwise payable pursuant to Section 20 hereof), whether or not such damages may be available under state or federal law, the Federal Arbitration Act, or under the commercial arbitration rules of the American Arbitration Association, and the Parties hereby waive their right, if any, to recover any such damages. The arbitrator or arbitrators by his or their award shall determine the manner in which the expense of the arbitration shall be borne, except that (subject to the provision of Section 12.4 hereof) each Party shall pay the costs of its own counsel. Each Party shall accept and abide by the decision. The award of the arbitral tribunal shall be final except as otherwise provided by applicable law. Judgment upon such award may be entered by the prevailing Party in any court designated in Section 24, or application may be made by such Party to any such court for judicial acceptance of such award and an order of enforcement.

22.3 This agreement to arbitrate and any award made hereunder shall be binding upon the successors and assigns and any trustee or receiver of each Party, and shall be subject to the nondisclosure provisions of Section 16.

22.4 The Parties shall continue to fulfill their obligations under this Agreement pending the outcome of the arbitration.

23. Notice

23.1 Except as otherwise specified in this Agreement, any notice, demand or request required or authorized by this Agreement to be given to a party shall be given in writing and delivered by hand, facsimile, courier or overnight delivery service or mailed by certified mail (return receipt requested), postage prepaid to such party at the address set forth below.

Notice to T&D: Notice to Provider:

23.2 Notwithstanding the foregoing, any notice, demand or request required or authorized to be given to a Party pursuant Section 17 of the Agreement with respect to credit support and Performance Assurance shall be given by electronic mail to such Party at the electronic mail address set forth below:

Notice to T&D:

Notice to Provider:

23.3 The designation of such person or address may be changed at any time by either party upon written notice given as aforesaid. Any notice delivered by hand, courier or overnight delivery service, or sent by certified mail, shall be effective upon receipt. Any notice delivered by facsimile shall be deemed to be given on the day transmitted (as shown on the sender’s fax transmittal receipt), and the sender shall confirm receipt by telephone and/or email to the recipient.

24. Governing Law

24.1 Interpretation and performance of this Agreement shall be in accordance with, and shall be controlled by the laws of the State of Maine, except its conflict of laws provisions to the extent they would require the application of the laws of any other jurisdiction. Except for those matters covered in this Agreement and under the authority of the MPUC, the Parties hereby agree that any legal action or proceeding arising under or relating to this Agreement must, if it is not subject to arbitration hereunder, be brought in a court of the State of Maine or a federal court of the United States of America located in the State of Maine. For example, any action to enforce an arbitration demand or to confirm or enforce an arbitration award shall be brought in such courts. Both parties hereby consent to the exclusive jurisdiction of the State of Maine for the purpose of hearing and determining any action that is not subject to arbitration or the authority of the MPUC.

25. Enforceability

25.1 In the event that any portion or part of this Agreement is deemed invalid, against public policy, void or otherwise unenforceable by a court of law, the remaining portions of this Agreement shall continue in full force and effect.

26. Assignment and Delegation

26.1 This Agreement shall inure to the benefit of, and shall be binding upon, the Parties hereto and their respective heirs and assigns. Nothing in this Agreement, either expressed or implied, is intended to confer upon any person other than the Provider and the T&D the rights or remedies hereunder. Neither Party may assign this Agreement or any of its rights or obligations hereunder except with the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed; provided, however, that either Party may, without the consent of the other Party and without relieving itself from liability hereunder, but subject to any required MPUC approval: (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements; (ii) transfer or assign this Agreement to an affiliate of such Party (which affiliate shall have a creditworthiness equal to or higher than that of such assigning Party); or (iii) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets of the assigning Party (which such person or entity shall have a creditworthiness equal to or higher than that of such assigning Party); provided, however, that in each such case of an assignment by Provider, any such assignee shall be a licensed competitive electricity provider under Maine law and shall agree in writing to be bound by the terms and conditions hereof and so long as the assigning Party delivers such tax and enforceability assurance as the non-assigning Party may reasonably request. Any assignment in violation of this Section 26 shall be void.

26.2 Notwithstanding the previous paragraph, either Party may subcontract its duties under this Agreement to a subcontractor provided that the subcontracting Party shall remain fully responsible as a principal and not as a guarantor for performance of any subcontracted duties, and shall serve as the point of contact between its subcontractor and the other Party, and the subcontractor shall meet the requirements of any applicable laws, rules, regulations and this Agreement. The subcontracting Party shall provide the other Party with thirty (30) calendar days’ prior written notice of any such subcontracting, which notice shall include such information about the subcontractor as the other Party shall reasonably require.

27. Amendment

27.1 This Agreement may be amended by an instrument in writing, signed by both Parties, and, if required by any applicable law, rule or regulation, MPUC approval. No amendment or modification shall be made by course of performance, course of dealing, or usage of trade.

27.2 All amendments to this Agreement must be filed with the MPUC by the T&D.

28. Miscellaneous

28.1 This Agreement, including all attachments and exhibits hereto and such other documents as are explicitly incorporated herein by reference, is the entire agreement between the Parties and supersedes all other agreements, communications, and representations related to the subject matter hereof.

28.2 Any waiver at any time by either Party of its rights with respect to an Event of Default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any other or subsequent Event of Default or matter and no waiver shall be considered effective unless in writing.

28.3 The Parties agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement.

28.4 This Agreement, and any modification of the foregoing, may be executed and delivered in counterparts, including by a facsimile transmission thereof, each of which shall be deemed an original.

In witness whereof, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date above.

[ ]

By\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Versant Power

By\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_