

MATTHEW D. MANAHAN

Merrill's Wharf
254 Commercial Street
Portland, ME 04101

P 207.791.1189
F 207.791.1350
C 207.807.4653
mmanahan@pierceatwood.com
pierceatwood.com

Admitted in: MA, ME, NH

October 4, 2021

VIA ELECTRONIC MAIL

James R. Beyer
Department of Environmental Protection
106 Hogan Road, Suite 6
Bangor, ME 04401

RE: New England Clean Energy Connect, L-27625-26-A-N, L-27625-TG-B-N,
L-27625-2C-C-N, L-27625-VP-D-N, L-27625-IW-E-N
License Suspension Proceeding – Pre-Filed Direct Testimony

Dear Mr. Beyer:

On behalf of Licensees Central Maine Power Company and NECEC Transmission LLC,
pursuant to the First Procedural Order in the License Suspension Proceeding, please find
enclosed Pre-filed Direct Testimony.

Please let me know if you have any questions

Sincerely,



Matthew D. Manahan

Enclosures

cc (via email only): Service List (Sept. 17, 2021)

STATE OF MAINE
DEPARTMENT OF ENVIRONMENTAL PROTECTION

IN THE MATTER OF

NEW ENGLAND CLEAN ENERGY CONNECT)	
#L-27625-26-A-N/#L-27625-TG-B-N/)	LICENSE SUSPENSION
#L-27625-2C-C-N/#L-27625-VP-D-N/)	PROCEEDING
#L-27625-IW-E-N)	

PRE-FILED DIRECT TESTIMONY
of

CENTRAL MAINE POWER COMPANY
AND NECEC TRANSMISSION LLC

OCTOBER 4, 2021

**EXHIBIT LIST FOR PRE-FILED DIRECT TESTIMONY
OF CENTRAL MAINE POWER COMPANY AND
NECEC TRANSMISSION LLC**

TAB

Thorn Dickinson	NECEC LLC-1
CV	NECEC LLC-1-A
Excerpts of MPUC CPCN Order	NECEC LLC 1-B
NECEC I Stipulation.....	NECEC LLC-1-C
December 29, 2020 Support Agreement.....	NECEC LLC-1-D
NECEC II Stipulation	NECEC LLC-1-E
Gerry Mirabile	NECEC LLC-2
CV	NECEC LLC-2-A
Lauren Johnston	NECEC LLC-3
CV	NECEC LLC-3-A

Thorn Dickinson

**Testimony
NECEC LLC-1**

STATE OF MAINE
DEPARTMENT OF ENVIRONMENTAL PROTECTION

NEW ENGLAND CLEAN ENERGY CONNECT)	
#L-27625-26-A-N/#L-27625-TG-B-N/)	LICENSE SUSPENSION
#L-27625-2C-C-N/#L-27625-VP-D-N/)	PROCEEDING
#L-27625-IW-E-N)	

PRE-FILED DIRECT TESTIMONY AND EXHIBITS OF
THORN C. DICKINSON

Regarding

- The status of the *Black v. Cutko* litigation, including the timing of any resolution and range of possible outcomes
- The status of construction activities being conducted pursuant to the Order by Central Maine Power Company and NECEC Transmission LLC, including portions completed, current activities, and construction plans for the upcoming months
- The potential availability of re-routing alternatives to avoid the public lands in question in *Black v. Cutko*, including the location and feasibility of potential alternatives
- The nature of linear project construction and the effect on the project as a whole when a portion of the project as proposed is jeopardized or called into question

October 4, 2021

I. Qualifications of Witness

I am President and CEO of NECEC Transmission LLC (NECEC LLC) and Vice President - Business Development for Avangrid Networks. In these roles, I oversee the planning, scheduling, permitting and construction of the New England Clean Energy Connect transmission project (NECEC or Project) and I am responsible for creating and leading Avangrid’s business development and growth initiatives. I have worked in the utility industry for thirty years in various roles including transmission and distribution operations, resource planning, rates and regulatory, strategic planning, investor relations and risk management. I

have worked on integrated resource planning, clean air compliance, industry restructuring, and mergers and acquisitions.

My CV is attached hereto as Exhibit NECEC LLC-1-A.

II. Purpose and Scope of Testimony

The purpose of my testimony is to explain the status of NECEC LLC's leasehold interest in certain lands pursuant to a lease agreement with the Maine Bureau of Parks and Lands (BPL), as well as the impact that any suspension of the Department of Environmental Protection's (DEP) May 11, 2020 license (Order) to construct the NECEC would have on the Project. Specifically, I will discuss the BPL lease that is the subject of this proceeding – which remains in full force and effect – the status of construction of the Project, the potential availability of Project route alternatives that would avoid the BPL leased land, the nature of linear project construction and the impacts of the suspension of construction activities, and the effect that the inability to maintain a complete project route would have on the Project, including the steps that NECEC LLC would take to decommission those portions of the transmission line that it has completed should the Project not be able to move forward due to a failure to finally secure the project route over the public reserved lands subject to the BPL lease or another alternative route.

III. Discussion

A. The status of the *Black v. Cutko* litigation, including the timing of any resolution and range of possible outcomes

i. The status of the *Black v. Cutko* litigation, including potential timing

On August 10, 2021 the Superior Court for Kennebec County entered a final judgment in the *Black v. Cutko* litigation, which concerns a lease of a small portion of certain public reserved lands in Johnson Mountain Township and West Forks Plantation. The BPL granted the lease to Central Maine Power Company (CMP) on June 23, 2020 (2020 Lease); CMP assigned the lease

to NECEC LLC on January 4, 2021. The leased land will house five poles associated with the NECEC, consistent with and pursuant to the land use requirements imposed by DEP both in its May 11, 2020 Order and its related vegetation removal and management orders.

In its August 10, 2021 order, the Superior Court ruled only that BPL failed to meet certain procedural requirements before issuing the 2020 Lease. Specifically, the Superior Court ruled that BPL did not determine, in writing and before issuing the lease, that NECEC LLC's proposed use of the leased land would not render the uses of the land "substantially altered." In so ruling, the Superior Court reversed BPL's decision to issue the 2020 Lease, but made no determination concerning whether the record evidence demonstrated that NECEC LLC's proposed use of the land in fact would be a substantial alteration of the use of that land.

On August 13, 2021 BPL and NECEC LLC each filed notices of appeal to the Maine Supreme Judicial Court (the Law Court) of the Superior Court's judgment. These appeals automatically stay the effectiveness of the Superior Court's ruling pursuant to Maine Rule of Civil Procedure 62(e), leaving NECEC LLC's 2020 Lease in place.

On August 24, 2021 Plaintiffs filed a motion in the Law Court to lift the automatic stay of the Superior Court's judgment imposed by Rule 62(e). NECEC LLC and BPL opposed that motion. During a conference of counsel held by the Law Court on September 15, 2021, the parties and the Law Court agreed that Plaintiffs' motion would be resolved by the Law Court ordering NECEC LLC to refrain from engaging in any construction activities, including vegetation removal, on the leased land during the pendency of the Law Court proceedings, a commitment NECEC LLC previously gave to BPL and Plaintiffs. The automatic stay of the Superior Court's judgment was not lifted and, again, NECEC LLC's 2020 Lease remains in place.

The Law Court issued a briefing schedule on September 20, 2021 ordering NECEC LLC and BPL to file their respective briefs on or by November 15, 2021; Plaintiffs to file their brief on or by January 3, 2022; and NECEC LLC and BPL to file their respective reply briefs within 21 days after Plaintiffs' brief. The Law Court has not yet scheduled oral argument but, based on the briefing schedule, NECEC LLC expects the Law Court to hold oral argument in March or April of 2022. The Law Court need not decide the case by any date certain, but NECEC LLC expects a decision within 60 days after the oral argument. Accordingly, NECEC expects a decision by the Law Court around June of 2022.

As noted, NECEC LLC continues to hold a lease in the land, in the form of the 2020 Lease, and will not construct on that land during the pendency of the Law Court appeal.

ii. The range of possible outcomes of the *Black v. Cutko* litigation

The Law Court serves as the supreme judicial authority in the State of Maine and, accordingly, enjoys broad authority with respect to how it resolves any given appeal. In this instance, however, NECEC LLC expects the instant appeal to result in one of the following three potential outcomes:¹

Reversal. The Law Court may reverse the Superior Court's judgment. NECEC LLC presented two arguments to the Superior Court which, if adopted by the Law Court, would result in a reversal of the Superior Court's judgment and an affirmance of BPL's decision to grant the 2020 Lease. Specifically, NECEC LLC contends the Plaintiffs in *Black v. Cutko* lack standing to challenge the 2020 Lease and that their challenge should be dismissed. NECEC LLC also contends the Legislature already has determined, as a matter of law, that leases of public

¹ NECEC LLC does not believe Plaintiffs have any basis for seeking a cross-appeal of the Superior Court judgment, nor have Plaintiffs explained their basis for filing of a cross-appeal. Accordingly, I am unable to assess what outcomes may obtain as a result of that effort.

reserved lands for electric power transmission facilities do not constitute a substantial alteration of the State's use of those lands. If NECEC LLC were to prevail on either argument, the Law Court would reverse the Superior Court's judgment and the case would conclude without further proceedings.

Vacatur and Remand. The Law Court may vacate the Superior Court's judgment and remand the matter to the Superior Court for further proceedings. A remand may take a number of forms. For instance, the Law Court could determine that BPL in fact made a substantial alteration determination and remand the case to the Superior Court to review whether the record evidence supports that determination. In that case, NECEC LLC expects the Superior Court would affirm the basis for BPL's determination and its issuance of the 2020 Lease. Additionally, the Law Court could determine that BPL's failure to make a contemporaneous written substantial alteration determination necessitates a remand back to BPL to make that determination in advance of subsequent review by the Superior Court, a remedy the Superior Court considered but refused to grant. In that case, NECEC LLC expects BPL will determine that the lease does not give rise to a substantial alteration and affirm its previous decision to issue the lease. In either scenario, the proceedings would continue before BPL and/or the Superior Court and, eventually, could be subject to an additional appeal before the Law Court.

Affirmance. The Law Court may affirm the judgment of the Superior Court, although any such ruling would not foreclose NECEC LLC's ability to obtain a lease over the land at issue.

As noted, the Superior Court ruled only that BPL failed to follow a specific procedure before granting the 2020 Lease; the Superior Court did not rule that NECEC LLC's proposed use of the land substantially altered the State's use of the land. Accordingly, in the event the Law

Court affirms the Superior Court's judgment, NECEC LLC would be free to seek, and would seek, the same leasehold interest from BPL. NECEC LLC is confident BPL would find that NECEC LLC's use of the land, as limited by DEP's permit requirements and in relation to the vast tract of public reserved lands in Johnson Mountain Township and West Forks Plantation, would not substantially alter the use of the leased land. Even if BPL so found, however, BPL still may grant the lease to NECEC LLC following a 2/3 vote of the Legislature, which vote NECEC LLC would pursue in the unlikely event BPL were to determine that the lease gave rise to a substantial alteration in the use of the land.

B. The status of construction activities being conducted pursuant to the Order by CMP and NECEC LLC, including portions completed, current activities, and construction plans for the upcoming months

i. Status of construction activities

NECEC LLC holds the DEP license to construct the high voltage direct current (HVDC) transmission line section of the Project (which goes from the Canadian border to the new Merrill Road DC/AC converter station in Lewiston, Maine), as well as a 1.2-mile long 345 kV high voltage AC transmission line from the converter station to the Larrabee Road Substation in Lewiston, identified in the Order as Segments 1, 2 and part of Segment 3, which were permitted along with certain system upgrades (the remainder of Segment 3 and all of Segments 4 and 5) that are owned by CMP.² Pursuant to its December 4, 2020 order, the DEP transferred those portions of its Order

² CMP, as the interconnecting transmission owner, is constructing certain upgrades to its transmission facilities in Maine (Network Upgrades). Starting in June 2021, work began in the City of Lewiston on the 115kV and 345kV transmission lines identified in the Order as part of Segment 3. Work has been completed on CMP's transmission line Sections 268 and 61. CMP's transmission line Section 72 has been relocated to its new alignment and re-energized and the old alignment has been removed.

In connection with the future parallel 345kV AC transmission line between the Maine Yankee Substation and the Coopers Mills Substation identified in the Order as part of Segment 5, CMP has completed necessary clearing activities and is installing accesses to priority structures, as well as some poles, in advance of upcoming planned outages scheduled for early October 2021.

that concern the HVDC section, including Segment 1 in which the BPL leased lands are located to NECEC LLC.

NECEC LLC began construction of the HVDC line on January 18, 2021. NECEC LLC started with clearing activities on Segment 2 (starting at The Forks Plantation and heading south along the Project route), followed by pole installation on this same segment shortly after. During the following weeks and months, construction began on the remaining HVDC transmission line segments. To date, 108 miles of right of way in Segments 1, 2 and 3 of the Project have been cleared and 58 poles have been installed.

All transmission related material for the construction of the HVDC transmission line, including conductor, insulators and fiber optic, has been received and is stored at multiple laydown yards along the Project route. Additionally, more than 50% of the steel poles that will be used for the HVDC transmission line have been delivered. The remaining poles continue to be manufactured and will be delivered in accordance with the Project's construction schedule.

In the spring of 2021, NECEC LLC started construction at the Merrill Road DC/AC converter station in Lewiston, Maine, with work starting on the driveway and the relocation of some roadside distribution facilities. Site grading, drilling and blasting has progressed in the last few months. To date, approximately 80% of the Merrill Road DC/AC converter station site grading has been completed.

ii. Construction plans for the upcoming months

Construction will continue to ramp up in the upcoming weeks and months, in accordance with the Project's construction sequence and the construction conditions imposed by the DEP and the U.S. Army Corps of Engineers (USACE).³ [REDACTED]

³ With regard to CMP's Network Upgrades, CMP will add two new work streams to the current workload in the coming months. First, work associated with the re-build/re-rate of Sections 62 & 64 (approximately 25 miles of

[REDACTED]

[REDACTED]

[REDACTED]

Clearing, access road construction and environmental controls installation and maintenance activities will continue in the coming months. NECEC LLC expects most of the clearing for the HVDC line to be completed by year-end 2021.

With respect to the construction of the HVDC transmission line, a second crew [REDACTED] will be added at the start of next year to support and increase ongoing pole setting operations as well as conductor stringing. These efforts will continue throughout 2022, with an anticipated completion of all transmission line construction work by the summer of 2023 before the Project's testing and commissioning process starts in September 2023.

Construction of the Kennebec River crossing is planned to begin in late winter 2022. [REDACTED]

[REDACTED]

[REDACTED] Drilling and installation of the ducts are scheduled to be complete by the fall of 2022. Cable installation and construction of the two termination stations will take place between the fall of 2022 and summer of 2023.

At the Merrill Road DC/AC converter station in Lewiston, once site development is completed in the next few weeks, foundation work is expected to begin. This will be followed in 2022 by above ground installations, assembly of the converter station buildings and installation of all major components (transformers, valve hall, etc.), which have been manufactured and tested

115kV transmission lines south of Lewiston identified in the Order as Segment 4) will be launched early next year. Second, CMP will begin substation work in Segment 5. This work in Segments 4 and 5 will be performed between early 2022 and mid-2023.

over the last year. Completion of the converter station, including testing and commissioning, is expected in the fall of 2023.

The Project will enter the testing and commissioning stage in September of 2023 and is expected to achieve commercial operation by mid-December of 2023.

C. The potential availability of re-routing alternatives to avoid the public lands in question in *Black v. Cutko*, including the location and feasibility of potential alternatives

The approved NECEC route, including the short 0.9-mile segment crossing the West Forks Plantation and Johnson Mountain Township public reserved lands subject to the 2020 Lease, is the least environmentally damaging practicable alternative that meets the Project's purpose. With that said, if the crossing through the BPL leased land became unavailable, there are potential re-routing alternatives that could be implemented.

For instance, NECEC LLC has considered the following:

Option 1. Option 1 would utilize the following route:

- 1) Route the NECEC Project right of way west prior to the Lake Moxie Road crossing in The Forks Plantation,
- 2) Continue west in The Forks Plantation and cross Route 201 and the Kennebec River,
- 3) Continue through Bowtown Township then turning North and crossing the Dead River, and
- 4) Continue North on the west side of Route 201 through West Forks Plantation and Johnson Mountain Township and reconnecting with the current NECEC right of way in Johnson Mountain Township west of Route 201.

Option 1 is more environmentally damaging than the current route that crosses the BPL land, however, for several reasons. First, Option 1 would cross two outstanding rivers segments (the Upper Kennebec River and the Dead River) rather than the one outstanding river segment crossed by the permitted route (the Upper Kennebec River). Next, Option 1 would require an additional 1 +/- mile of transmission line and associated tree clearing, structure installations and construction travel lanes compared to the permitted route. Option 1 would also likely require

replacement of one or more lower-impact and smaller-footprint inline tangent structures with angle transmission line structures; these angle structures are comprised of two poles rather than one and include either poured concrete (caisson) foundations or guy wires and guy anchors, increasing ground and vegetation disturbance. Finally, due to the time needed to secure property rights along the Option 1 route and the effects of this delay on the target December 2023 commercial operation date, NECEC LLC may be unable to clear trees along this route during the preferred period of October 16 to April 19 set forth in NECEC LLC's USACE permit.

Option 2. Option 2 would utilize the permitted Kennebec River and Route 201 crossings and would reroute the line just east of the BPL leased land.

Option 2 would require an additional 1.6 +/- miles of transmission line and associated tree clearing, structure installations and construction travel lanes compared to the permitted route. Similar to Option 1, Option 2 would also require replacement of lower-impact and smaller-footprint tangent structures with one or more angle structures, and would impact NECEC's ability to clear trees along this route during the USACE-preferred period. Option 2 therefore also is more environmentally damaging than the current Project route.

Implementing either of these alternatives would require the acquisition of additional real estate rights, consideration of potential limitations and/or natural resources impacts, additional engineering and design work, and additional permitting.

D. The nature of linear project construction and the effect on the project as a whole when a portion of the project as proposed is jeopardized or called into question

i. Construction plan and adjustments to the baseline plan

Long linear transmission projects like the NECEC require careful, sequential planning and the synchronization of work from a variety of contractors. The construction of the NECEC is implemented following the guidelines defined in the Project's master schedule, which

establishes the chronological execution of multiple workstreams throughout the Project's lifecycle. The Project's schedule provides for integrated delivery of the planning, permitting, engineering, procurement and construction activities, and factors in seasonal, environmental and other Project related constraints that may have an impact on the ability to timely perform any of the work.

NECEC LLC must coordinate the work of contractors providing services related to the deployment of erosion and sedimentation controls, vegetation removal, the fabrication, transport and erection of poles, the stringing of the electrical conductor, and the construction of electrical substations. All of this work must proceed in accordance with various legal, regulatory, and practical factors, ranging from permitting requirements to weather conditions.

In principle, the construction plan of a long transmission project like the NECEC provides for linear execution. Clearing and construction contractors are deployed sequentially so that their work can be optimized from an execution perspective and to further minimize environmental and community impacts. In some instances, small adjustments to the baseline are implemented as construction progresses, due to factors such as field adjustments that require the review of permitting agencies or unanticipated external constraints.

ii. Overall construction suspension and impact to the Project

The section of the NECEC that crosses the land subject to the 2020 Lease is a very small component of a project that contains multiple workstreams that are currently underway with a projected completion date of December 2023. Because the 0.9-mile segment crossing the BPL lease land is only a very small part of the Project, work on this crossing can be rescheduled without impacting the Project's ability to achieve its projected commercial operation date so long as the appeal of the Maine Superior Court's decision in *Black v. Cutko*, is resolved within a reasonable timeframe.

While rescheduling of the work over the BPL lease land can be accommodated, a suspension of the license granted by the Order and, as a result, of all Project construction for a minimum of 9 months (which is the estimated timeframe for the Law Court appeal of the *Black v. Cutko* decision) will make it impossible to complete the Project by the December 2023 target commercial operation date and may, in fact, make it impossible to put the Project into service by the August 23, 2024 contractual deadline.⁴

It should be noted that, although NECEC LLC expects that the Law Court appeal of the *Black v. Cutko* decision will be resolved by June 2022, if NECEC LLC's license is suspended during the pendency of the appeal, construction would be delayed beyond that timeframe. After the resolution of the matter, NECEC LLC will require several weeks, if not months, to remobilize its contractors in order to resume construction activities. This remobilization would entail, among other activities, reobtaining any expired municipal permits and approvals, re-engaging the applicable contractors, and having the contractors re-hire the construction crews and other necessary employees, and contract for and mobilize necessary equipment and materials, to resume construction activities.

As explained in the pre-filed Direct Testimonies of Gerry Mirabile and Lauren Johnston, a pause of this nature in Project construction would result in a very complex demobilization and remobilization process that would need to consider permitting requirements and environmental standards. For example, due to NECEC permitting requirements, Northern Clearing, Inc.—the principal contractor responsible for tree clearing, access roads and environmental controls—would need to remove all currently installed construction mats, triggering an additional period of

⁴ Pursuant to the transmission service agreements between NECEC LLC (as assignee of CMP) and the Massachusetts Electric Distribution companies and HQ Energy Services (US) Inc. (“HQUS”) (the “TSAs”) the target commercial operation date is August 23, 2024, which date may be extended by up to 12 months only by NECEC LLC posting up to \$10.9 million in additional security.

restoration on the same land. Overall, this demobilization and remobilization would result, in many cases, in a complete re-work of construction activities already completed.

These activities, together with additional project management activities and associated costs, and other fixed costs that the Project would incur before the in-service date, would impose significant additional expenses on the NECEC. The NECEC project management team estimates that costs as a result of a 12-month delay in overall project construction of the NECEC LLC components would be approximately \$67 million.⁵ The foregoing cost estimate is limited to the Project investment costs. Additionally, by delaying Project construction approximately 12 months, the Project's commercial operation date, and thus the project's anticipated revenue, would be delayed by at least the same amount of time, resulting in a significant adverse impact on NECEC LLC's substantial investment in the NECEC.

iii. Overall construction suspension and economic, climate and social impacts

As the DEP is aware, on May 3, 2019, the Maine Public Utilities Commission (MPUC) approved the Project and issued the required Certificated of Public Convenience and Necessity (CPCN Order). While the CPCN Order is part of the underlying record in this proceeding, a true and correct copy of the complete order can also be found on MPUC's website.⁶ True and correct copies of excerpted pages of the CPCN Order discussed in this testimony are attached hereto as Exhibit NECEC LLC 1-B. The MPUC found that the NECEC is in the public interest and that there is a public need for the Project.

⁵ This estimate does not include costs associated with the Network Upgrades.

⁶ <https://mpuc-cms.maine.gov/CQM.Public.WebUI/MatterManagement/MatterFilingItem.aspx?FilingSeq=102054&CaseNumber=2017-00232>

In the CPCN Order, the MPUC acknowledged some of the key benefits that the Project and the hydropower it will deliver from Québec to the New England region will provide, at no cost to Maine electricity customers, including: [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] environmental benefits by displacing fossil fuel generation in the region, thus, reducing greenhouse gas emissions.

A suspension of NECEC LLC's license and, as a result, of overall Project construction would, at a minimum, delay the realization of these Project benefits and could potentially jeopardize them completely if, due to the suspension, the Project can no longer be timely constructed to achieve commercial operation by the contractual deadline.

■ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

■ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] construction

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[REDACTED]

5. Greenhouse gas emissions reductions

As the MPUC found and as reflected in the CPCN Order, once constructed and in service the NECEC will provide greenhouse gas emissions (GHG) reduction benefits in the region in the range of approximately 3.0 to 3.6 million metric tons per year, which, is equivalent to removing approximately 700,000 passenger vehicles from the road. In the Order, the DEP also concluded that the NECEC will result in a significant reduction in greenhouse gas emissions.

These climate benefits will not be achieved if the Project cannot be timely constructed.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED] [REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED]
[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED]
[REDACTED] [REDACTED]	[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]	[REDACTED]
[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED]
[REDACTED] [REDACTED]	[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]	[REDACTED] [REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED] [REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED]
[REDACTED] [REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED]
[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

[Redacted text block]

- [Redacted list item]

- [Redacted list item]

[Redacted text block]

[Redacted text block]

- [Redacted list item]

[Redacted text block]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

iv. There is no harm in allowing Project construction to continue

As explained above, the suspension of NECEC LLC's license to construct the NECEC will delay the Project and could jeopardize the Project's completion. Both of these outcomes would have multiple significant impacts, including impacts to NECEC LLC as the owner of the Project, but also economic, climate and social impacts. On the other hand, allowing NECEC LLC to continue with the construction of the Project during the pendency of the Law Court appeal of the *Black v. Cutko* decision does not lead to an irreparable harm. If the NECEC is definitively cancelled by NECEC LLC due to a failure to finally secure the route over the public reserved lands subject to the BPL lease or another alternative route, NECEC LLC will consider appropriate timing to initiate decommissioning of the HVDC line.

In that instance, a decommissioning plan would be prepared and submitted to the DEP. Through decommissioning, all transmission lines and pole structures would be dismantled and removed. Subsurface components, including pole and equipment foundations, would be removed. No project-related infrastructure would protrude or remain above grade to eliminate any NECEC-related physical hazards. Disturbed areas would be stabilized. Trees would be allowed to regenerate naturally and, similar to what occurs after a forestry operation, would be expected to be re-established as a young forest in between 10 and 20 years.

Exhibits:

NECEC LLC-1-A: Thorn C. Dickinson CV

NECEC LLC 1-B: Excerpts of MPUC CPCN Order

NECEC LLC-1-C: NECEC I Stipulation

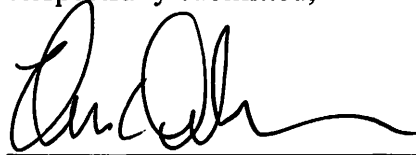
NECEC LLC-1-D: December 29, 2020 Support Agreement

NECEC LLC-1-E: NECEC II Stipulation

I declare by oath or affirmation that the above testimony is true and accurate to the best of my knowledge and belief.

Dated: October 4, 2021

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Thorn C. Dickinson', written over a horizontal line.

Thorn C. Dickinson

Thorn Dickinson

**Exhibit
NECEC LLC-1-A
(CV)**

Thorn C. Dickinson

Work History

Avangrid Networks, Portland, ME

2020-present

NECEC Transmission LLC – President and CEO

- Responsible for overseeing the planning, scheduling, permitting and construction of the New England Clean Energy Connect transmission project

2011-present

Vice President – Business Development

- Responsible for creating and supporting business development and growth initiatives for Avangrid Networks. Growth initiatives include both green field development and mergers and acquisitions.
- M&A transactions included Connecticut Natural Gas, Southern Connecticut Gas, Berkshire Gas, Hartford Steam, NYSEG Solutions, Energetix and New Hampshire Gas.

2002-2011

Director Risk Management

- Assess and address the causes and effects of uncertainty and risk throughout the organization.
- Apply a variety of financial and statistical analysis and modeling approaches to accurately assess and make decisions about risk.
- Acquire adequate and cost effective risk financing for property, casualty, professional and environmental exposures for the company and its subsidiaries and oversee the claims management process.
- Identify the company’s critical processes and ensure that there are tested contingency plans in place to restore those processes in case of a disaster.

1997-2002

Manager – Investor Relations

- Effectively communicate corporate strategy, financial results and expected performance to the investment community.
- Provide management information on financial markets, investor perspectives and peer performance.
- Develop, coordinate and present information to the investment community.

1997-2003

Manager of Rates and Revenue Requirements

- Responsible for state revenue requirement issues.
- Responsible for rate design development.

New York State Electric & Gas Corp., Binghamton, NY

1994-1997

Coordinator – Cost Support & Pricing

- Responsible for cost studies that support pricing strategies, profitability analysis, and regulatory compliance.
- Responsible for the testimony related to cost analysis in state and federal proceedings.
- Led a cross functional team charged with the development and application of models for the purposes of evaluating the risks and opportunities of a restructured competitive environment.

1991-1994

Staff Engineer – Planning & Procurement

- Performed financial analysis on supply and demand resources. One example of this analysis includes the analysis of how the corporation should comply with the Clean Air Act.
- Negotiated power purchase contracts with Non-Utility Generation. Kept these projects under control and moving forward from the initial contact with the developer through the contractual, engineering, construction, testing, commercial operation, and closeout phases of the project.

1988-1991

Field Engineer

- Managed a group responsible for the construction, operation, and maintenance of power delivery systems.
- Developed construction schedules, budgets, and determined manpower requirements for capital projects.
- Responded to customer concerns regarding voltage problems, system reliability, and equipment failure.
- Met with customers, other utilities, state, and county officials to coordinate work and to obtain permit approvals and easements.

Education

B.S. in Electrical Engineering

Union College, Schenectady, NY

Master in Business Administration

Syracuse University, Syracuse, NY

Thorn Dickinson

Exhibit

NECEC LLC-1-B

(Excerpts of MPUC CPCN Order)

I. SUMMARY

The Commission finds that the construction and operation of the New England Clean Energy Connect (NECEC or Project) is in the public interest and, therefore, there is a public need for the Project. Accordingly, the Commission issues a certificate of public convenience and necessity (CPCN) for the NECEC. In addition, the Commission approves the Stipulation filed in this proceeding on February 21, 2019.

The Commission's finding that the NECEC meets the public interest and public need standards is based on a careful weighing of the benefits and costs of the NECEC to the ratepayers and residents of the State of Maine. As required by Maine statute, these include the effects of the NECEC on economics, reliability, public health and safety, scenic, historic and recreational values, and state renewable energy goals. 35-A M.R.S. § 3132(6). Based on its consideration of these factors, the Commission finds that the NECEC is in the public interest.

The Commission concludes that the NECEC meets the applicable statutory standards for a CPCN independent of the additional benefits that will be conveyed by the February 21, 2019 Stipulation. However, the provisions of the Stipulation augment the benefits of the Project.

The NECEC will allow for up to 1,200 MW of hydropower to be delivered to New England from Québec, Canada. The cost of constructing and operating the NECEC will be borne by customers of Electric Distribution Companies in Massachusetts (MA EDCs) and Hydro Québec (HQ). Because the NECEC-enabled power will be delivered into Maine, however, significant benefits will accrue to Maine electricity consumers through operation of the regional wholesale market. These benefits are expected to accrue for a period of at least 20 years. In addition to the wholesale electricity price reductions that will result from the NECEC, the Project will also enhance system reliability and fuel security within Maine and the ISO-New England (ISO-NE) region. In addition, the NECEC will provide environmental benefits by displacing fossil fuel generation in the region, and associated greenhouse gas (GHG) production, and will provide substantial benefits to the Maine economy through the more than 1,600 jobs expected to be created during the NECEC construction phase, and on an ongoing basis through property taxes.

The provisions of the NECEC Stipulation augment the benefits that will be realized by Maine ratepayers, communities and the environment by funding mechanisms and programs to provide rate relief to Maine ratepayers, benefits for low-income customers, and support for a variety of other programs intended to benefit Maine communities and the environment.

With respect to the effects of the Project on scenic and recreational values, and the associated impacts on tourism and the economies of communities in proximity to the Project, the Commission finds that these effects will be adverse. However, when these adverse impacts are balanced against the ratepayer, economic, and environmental benefits of the NECEC, the Commission finds that these adverse effects are

outweighed by the benefits. Moreover, the Commission expects that the scenic and recreational impacts of the NECEC will be reviewed and, to the extent appropriate and feasible, mitigated, through the processes at the Maine Department of Environmental Protection (DEP) and Land Use Planning Commission (LUPC).

Figure I.1 provides a summary of the impacts to Maine of the NECEC and the Stipulation provisions:

Figure I.1

Summary of NECEC Impacts			
Wholesale Market Effects	Description	Value to Maine	
		Nominal	Present Value
Energy Market Prices	Energy price suppression effect	\$14-\$44 million annually	\$122-\$384 million
Capacity Market Effect	Estimated capacity market price reduction	\$19 million annually for first 10 years	\$101 million
Reliability and Fuel Security	Enhancements to transmission reliability and supply reliability and diversity	Not quantified*	Not quantified*
Macroeconomic Effects	Description	Value to Maine	
		GDP is reported in chained 2009 dollars	
During Construction Period	Positive impact on Maine GDP	Annual average, 2017-2022: \$94-\$98 million	
During Operations	Positive impact on Maine GDP. Includes effect of wholesale energy and capacity market savings.	Annual average, 2023-2027: \$25-\$29 million	
Regional Environmental and Local Community Impacts	Description	Value	
Effects on Host Communities	Detrimental impact on scenic, historic and recreational values, associated tourism and local economy	Not quantified	
GHG Emissions Reductions	Reduction in regional carbon emissions	3.0 to 3.6 million metric tons/year	
Stipulation Conditions	Description	Value to Maine	
		Nominal	Present Value
Stipulation provisions	Benefits package included in Stipulation	Total \$250 million over 40 years	\$72-\$85 million

*As discussed in the Concurring Opinion of Commissioner Williamson, ISO-NE has provided estimates that suggest that fuel security and reliability benefits could provide value to Maine of approximately \$9.8 million annually for the years 2023-2024 and 2024-2025.

II. PROJECT BACKGROUND

A. NECEC Facilities

The NECEC will enable the delivery of up to 1,200 MW of hydroelectric power from Québec, Canada to New England for a period of at least 20 years. The expected commercial operation date of the NECEC is December 2022. The core elements of the Project are: (1) a new 320 kV overhead high voltage direct current (HVDC) transmission line, approximately 145 miles in length, from the Québec/Maine border to a new converter station in Lewiston, Maine and a new 1.6 mile 345 kV AC transmission line from the new converter station to Central Maine Power Company's (CMP) existing Larrabee Road Substation in Lewiston and (2) a new converter station at Merrill Road in

The Commission also concludes that both the Maine Solar Energy Act, 35-A M.R.S. § 3472 *et. seq.* and the Maine Wind Energy Act, 35-A M.R.S. § 3402 *et. seq.*, are relevant to the Commission's consideration of "state renewable energy goals" in this proceeding. The Maine Solar Energy Act advances the goals of "[e]nsuring that solar electricity generation, along with electricity generation from other renewable energy technologies, meaningfully contributes to the generation capacity of the State through increasing private investment in solar capacity in the State." In furtherance of these and other goals, the Act creates a State policy of "encourag[ing] the attraction of appropriately-sited development related to solar energy generation, including any additional transmission, distribution and other energy infrastructure needed to transport additional solar energy to market . . . for the benefit of all ratepayers." Similarly, the Maine Wind Energy Act creates a state policy of "encourag[ing] the attraction of appropriately sited development related to wind energy" and establishes Maine's in-state wind goals of at least 3,000 MW of installed wind by 2020, and 8,000 MW of installed wind by 2030.

Thus, the question of whether the NECEC facilitates or hinders solar or wind resource development in Maine is an issue when considering whether the NECEC is in the overall public interest.

V. ANALYSIS OF NECEC IMPACTS

A. Electricity Market Price and Ratepayer Impacts

1. Overview

Based on the record in this proceeding, the Commission finds that the NECEC will result in substantial benefits to Maine electricity customers because of the effect it will have on reducing energy and capacity prices in the wholesale market. These market price benefits accrue to Maine customers due to the reductions in wholesale prices that will result from the delivery over the NECEC from Hydro Québec of a substantial amount of energy and capacity into the Maine Zone at the Larrabee Road Substation in Lewiston. As a contractual matter, the NECEC will deliver energy to the MA EDCs. As a *physical* matter, however, the beneficial effects of that energy will be realized directly by Maine consumers through lower electricity supply prices.

As discussed below, the record demonstrates that market price reduction benefits will result from the NECEC, notwithstanding the divergence among the experts and the parties with respect to their magnitude. Moreover, the record demonstrates that benefits will flow to Maine for a period of at least 20 years.

In addition, the Commission finds that the NECEC will enhance transmission reliability, and supply reliability and diversity in the region, and serve as a hedge against high and volatile natural gas prices.

2. Energy Market Impacts

a. Overview

The evidence in the record in this proceeding demonstrates that the NECEC will result in a reduction to wholesale energy prices in Maine and across the New England region. The wholesale energy benefits in Maine, as estimated by the Commission's expert, LEI, and CMP's expert, Daymark,¹¹ range from \$14 million to \$44 million dollars per year in nominal dollars, and the estimated net present value (NPV) benefits over the first 15 years of NECEC operations range from \$122 million to \$384 million (2023\$). LEI Report Figure 4.

b. Description of the Wholesale Energy Market

Maine is part of a regional electricity system and market operated and administered by ISO-NE. The rules of the energy market are set forth in ISO-NE Market Rule 1.¹² Energy prices in the ISO-NE market, referred to as "locational marginal prices" or "LMP", are comprised of three components: an energy component, a loss component, and a congestion component. Suppliers of energy to the market are paid the LMP applicable to their location, or "node", and entities that serve customer loads are charged the LMP applicable to the locational "zone" within which the load is located.

As described by the ISO-NE:

Locational marginal pricing is a way for wholesale electric energy prices to reflect the value of electric energy at different locations, accounting for the patterns of load, generation, and the physical limits of the transmission system....

An LMP is the price for electric energy at each load zone, external interface with neighboring regions, and the Hub that reflects (1) the operating characteristics of, and (2) the major constraints on, the New England transmission system at each area, as well as (3) the losses resulting from physical limits of the transmission system. The energy component of all LMPs is the price for electric energy at the "reference point," which is the load-weighted average of the system node prices...

¹¹ GINT provided an analysis of the energy market benefits of the NECEC using Calpine's UPLAN model during, but only for a single year of operation, 2023. Bodell Dir. Test. at 22.

¹² Information relating to ISO-NE's Market Rule 1 can be found at <https://www.iso-ne.com/participate/rules-procedures/tariff/market-rule-1>

The congestion component of a nodal LMP reflects the marginal cost of congestion at a given node or external node relative to the load-weighted average of the system node prices. The congestion component of a zonal price is the weighted average of the congestion components of the nodal prices that comprise the zonal price. The congestion component of the Hub price is the average of the congestion components of the nodes that comprise the Hub.

The loss component of an LMP at a given node or external node reflects the cost of losses at that location relative to the load-weighted average of the system node prices. The loss component of a zonal price is the weighted average of the loss components of the nodal prices that comprise the zonal price. The loss component of the Hub price is the average of the loss components of the nodes that comprise the Hub.¹³

Because prices paid to a generator/supplier for energy reflect the LMP at the generator's physical point of delivery, or node, they convey to the generator the value of its energy taking into account the effects of energy delivered at that node on losses and congestion. In particular, if delivery of energy at a given node would increase congestion and losses, the LMP paid to the supplier for that energy would be reduced to reflect those effects. The intent of the three-part LMP, at least in part, is to send a price signal to incentivize generators to locate where it is efficient to do so.

As noted by GINT witness Ms. Bodell:

...The point of these prices as calculated by ISO New England is to send a price signal. And the price signal, if it's lower, says don't build here because we don't need you as much, and if it's higher, it says we'd like you to build here, with respect to generation. And it can send the same type of signal with respect to load if you're passing through the price. So, the price signal that ISO New England calculates is meant to send the signal to create economic buildout where it's needed.

...

Generally, the highest prices occur at load centers. So, I would expect Boston would have among the highest because it's hard to get energy in there....

Hearing Tr. at 125-6 (Jan. 8, 2019).

Thus, if there were no barriers to locating new sources of supply anywhere in New England, nor any practical considerations such as proximity to fuel sources (such as natural gas pipelines or, in the case of hydropower, water sources) then presumably

¹³ Information relating to ISO-NE's Locational Marginal Pricing can be found at <https://www.iso-ne.com/participate/support/faq/lmp>

new power plants and other sources of supply would choose to locate at the nodes where LMPs are the highest and with the least negative congestion and loss effects. However, there are such barriers and practical factors that drive location decisions by generators. These considerations, together with the LMP price signal, influence where new plants will be sited. If a new supply source chooses to locate at a point that results, for example, in an increase to the loss component of the LMP, that does not by itself suggest the decision was not economically rational.

In this case, because the NECEC-enabled energy will be paid based on a contract price, rather than the LMP at Larrabee Road, the 83D RFP process and results may also bear on the economic rationality question. As discussed at the January 8, 2019 hearing, the NECEC was selected as part of competitive solicitation process in which more than 50 bids from 46 different bidders were received. Hearing Tr. at 129 (Jan. 8, 2019). The Commission presumes that the evaluation of the competing bids would have taken into account the relative economics of the various projects, including the energy value at the project's delivery node given that, at least with respect to the NECEC, is the energy market value the MA EDCs will realize. As noted above, although the LMP would be higher in load centers such as Boston, it would be difficult and expensive to actually site a new power plant in, or deliver energy to, those areas. Thus, in evaluating economic rationality, the analysis, either in the wholesale market or a competitive bid process, becomes one of tradeoffs among various factors. Finally, it should be noted that, from a consumer's point of view, lower zonal LMP's, *i.e.*, more negative loss and congestion components, translate directly into lower prices for customers located in that zone.

c. Price-Taking Resources

A supplier bidding energy into the ISO-NE market will generally bid a price that reflects its marginal cost of production. Resources such as the NECEC, which have delivery obligations and are paid pursuant to a pre-established contract, or resources like hydropower that have a low marginal cost of production, have the economic incentive to bid a low or zero price with ISO-NE to ensure they will be dispatched. This type of resource is described as "price taking" in that the resource will commit to, or "take," the market clearing price, whatever it turns out to be when actually dispatched. Price-taking resources lower the energy market clearing price by displacing energy from more expensive units.

The NECEC is likely to be a price-taking resource. As noted by LEI: "LEI also assumed that the shippers on NECEC would offer as price takers in the wholesale energy market in order to fulfill their contractual obligations to Massachusetts." LEI Report at 18. By offering NECEC energy as a price-taking resource, HQUS can ensure that the NECEC energy will be selected before higher-priced resources.

d. Analysis in the Record and Positions of the Parties

As noted above, analyses of the effect of the NECEC on wholesale energy prices in Maine and the region were provided by Daymark and LEI.¹⁴ Daymark's analysis, which was conducted using its AURORA production cost model, indicated that the import of energy at the full 1,200 MW capacity of the NECEC transmission line would reduce LMPs on average by \$3.70/MWh. CMP Exh. NECEC 5 at 11. Daymark concluded that these price reductions would save Maine electricity customers \$44 million per year relative to what customers would have paid but for the NECEC. *Id.* Daymark concluded, further, that the NECEC would provide a benefit of \$496 million NPV (2023\$) for Maine electricity customers over the first 20 years of the project. *Id.*

LEI's analysis of the energy market benefits of the NECEC, conducted for a 15-year period using LEI's proprietary production cost model POOLMod, also indicated savings for Maine electricity customers, albeit at a lower level than Daymark's. Specifically, LEI found that over the first 15 years of operation, the NECEC would yield wholesale energy cost reductions for Maine customers of about \$14 million per year, which equates to an aggregate benefit of \$122 million NPV (2023\$) over this period. LEI Report at 31-32.

CMP asserts that the NECEC will lower wholesale electricity supply prices in Maine, and that this is consistent with Maine's policy to encourage the reduction of electricity costs for Maine customers. CMP Initial Br. at 29. CMP cites to the analyses of energy market price impacts on the record, including the single-year analysis of GINT, as evidence that the NECEC will reduce wholesale and retail electricity prices in Maine and throughout New England. *Id.* at 30. According to CMP, the models taken together delineate a potential range of energy price suppression benefits from the NECEC, with LEI on the low end at \$13 million per year in retail energy price suppression benefits, GINT in the middle at \$26-\$36 million wholesale energy price suppression benefits for the year 2023, to Daymark on the high end at \$44 million per year in wholesale energy price suppression benefits. *Id.* at 35. CMP disputes the claims of GINT and NextEra that NECEC will create material congestion in the ISO-NE wholesale energy market. *Id.* at 36-38. CMP argues, further, that the NECEC will mitigate the impacts of sustained natural gas price increases by inducing an average annual reduction of 54.2 million MMBtu of natural gas and provide a hedge against temporary increases in natural gas prices. *Id.* at 39-40.

The IECG states that there is no dispute in this proceeding that increasing the available supply of zero-bid energy into the ISO-NE market would provide energy market price benefits to Maine electricity consumers. IECG Initial Br. at 20. The IECG notes that, as a generation resource with no incremental fuel cost, HQ's hydroelectric power will be able to bid into the ISO-NE energy markets a price of zero, allowing it to collect the locational marginal price for its output in all hours that it supplies energy. In every hour that this occurs, the market clearing price will be lowered as the most

¹⁴ GINT also conducted an analysis of energy market benefits of the NECEC using Calpine's UPLAN model. However, the analysis was conducted for only the first year of the NECEC operations.

expensive generation resource is replaced by a lower-cost generation resource as the unit that sets the market clearing price. The IECG notes, further, that because the market clearing price is paid to all successful bidders, regardless of the price that they themselves bid, this represents a price reduction for every kilowatt hour sold in such hours. *Id.* at 21.

The IBEW argues that the LEI estimates of energy and capacity market savings are based on extremely conservative assumptions, but provide additional corroboration of Daymark's conclusion that there are significant ratepayer savings that would be provided by the NECEC. IBEW urges the Commission to make such a finding. IBEW Br. at 3. The City of Lewiston argues that the NECEC will facilitate the transmission of up to 1,200 MW clean hydropower generation to the New England transmission grid for 40 years and help to lower electricity costs. Lewiston Initial Br. at 4. The Chamber notes that, although it supports the NECEC for a variety of reasons, the energy cost reduction benefits of the Project are particularly significant for Maine businesses that use a lot of electric energy and any prospective Maine business considering its energy costs. Chamber Initial Br. at 4. Acadia Center states the region will economically benefit from the NECEC through expected reductions in regional wholesale market prices. Acadia Center Initial Br. at 3. WM&RC also asserts that the NECEC will likely provide lower wholesale market prices. WM&RC Initial Br. at 11. Finally, the NRCM agrees that the NECEC will depress energy prices in Maine; however, NRCM asserts that the NECEC could increase congestion, making it more costly for Maine renewable generators to reach the market. NRCM Initial Br. at 17.

GINT argues there is no meaningful energy market price suppression benefit to ratepayers. GINT Initial Br. at 33. GINT bases this position on a number of different factors. First, natural gas price futures have decreased since the energy price impact analyses have been conducted. *Id.* at 34. Second, GINT asserts that, because there is no meaningful requirement for NECEC deliveries to be incremental, price suppression will be minimal. *Id.* at 35. GINT also argues that any energy market price reductions would be negated by increases to capacity market prices as generators submit higher capacity market bids in an effort to recover revenues needed to remain viable. *Id.* at 39. GINT asserts, further, that the NECEC will increase "wasteful" line losses and congestion to the detriment of Maine's existing and future generation base. *Id.* at 43. Finally, GINT argues that any energy market price suppression due to the NECEC could harm Maine generators, especially biomass and small hydropower plants. *Id.* at 59-60.

NextEra asserts any energy benefits from the NECEC are speculative and limited in time. NextEra Initial Br. at 19. According to NextEra, the flexibility of the contract delivery terms with the MA EDCs can affect when and how much energy flows over the NECEC, which in turn, impacts whether and how much of the claimed energy price suppression benefits will be realized. *Id.* at 21. Finally, because the analytical estimates of energy benefits extend to only the first 20 years of the contract, NextEra argues that any price suppression benefits from years 21–40 are only speculative. *Id.* at 24.

Caratunk argues that the NECEC will not do much if anything to lower costs for ratepayers. Caratunk Initial Br. at 4. Ms. Kelly cautions that there are no assurances that the NECEC will, in fact, lower costs for Maine ratepayers over the long term, and that the analyses conducted to estimate the benefits are based on assumptions. Kelly Initial Br. at 13.

e. Discussion

As noted above, HQUS has contractually committed to provide, and the MA EDCs have committed to purchase, 9.45 TWh of energy per year for 20 years to be delivered over the NECEC. Given the available capacity of the NECEC, this obligation will require energy to be delivered at a very high capacity factor. Stated another way, energy will have to be delivered in almost every hour of the year. To ensure that it meets its contractual obligations, HQUS can be expected to participate in the market as a price-taking resource, *i.e.*, submitting a low- or zero-price bid, and taking the clearing price in all hours. It is clear that the injection of such a large quantity of price-taking energy into the Maine Zone will have a materially beneficial effect on energy prices in Maine.

Although the magnitude of these benefits cannot be measured precisely, the LEI and Daymark analyses provide a credible range. As noted above, these analyses indicate wholesale market benefits of from \$14 million per year (LEI) to \$44 million per year (Daymark), with estimated NPV benefits ranging from \$122 to \$496 million (2023\$).

With respect to the congestion issues raised by GINT and NextEra, the Commission finds that the record does not support a finding that the NECEC will result in a material increase in congestion in Maine. The analyses of both Daymark and LEI indicate only small increases in the number of hours that either the Surowiec-South or Maine-New Hampshire interface would be congested. Daymark Report at 25; LEI Report at 25. In addition, the GINT modeling indicated no congestion at the Surowiec-South interface and only modest congestion at the Maine-New Hampshire interface. Hearing Tr. at 127 (Jan. 8, 2019); Daymark Reb. Test. at 19. NextEra, based on its initial modeling, asserted that the NECEC would result in significant congestion. However, NextEra subsequently acknowledged errors in its modeling that render their results unreliable. Hearing Tr. at 7-55 (Oct. 22, 2018). Finally, the Commission notes that, to the extent the NECEC did result in increased congestion and/or losses in Maine, this would result in lower wholesale energy prices in the Maine Zone.

Finally, for the reasons discussed in Section V(A)(5) below, the Commission finds that the energy benefits resulting from the NECEC will not be offset by other factors, such as early retirement of other Maine generators.

3. Capacity

a. Overview

The evidence in the record also indicates that the NECEC will likely result in a reduction to wholesale capacity prices in Maine and across the New England region. The wholesale capacity market benefits in Maine, as estimated by the Commission's expert, LEI, and CMP's expert Daymark, range from \$19 million to \$27 million per year in nominal dollars, and the estimated NPV benefits over the first 15 years of NECEC operations range from \$223 million to \$292 million (2023\$). LEI Report Figure 4. For the reasons discussed below, however, capacity market savings from the NECEC are less certain than those in the energy market.

As with the energy market, the capacity market benefits would accrue to Maine due to the substantial amount of capacity that could be delivered across the NECEC into Lewiston. Bringing such a large quantity of incremental capacity into the regional market will tend to lower prices, given the simple supply/demand balance in the region.

b. Description of Forward Capacity Market

The ISO-NE FCM is governed by ISO-NE Market Rule 1, Section 13.¹⁵ Pursuant to the ISO-NE Rule, FCM auctions (FCA) are conducted each year to acquire capacity 3 years in advance of when it is to be delivered. Resources eligible to participate in the FCM include in-region generating plants and demand resources, and imports from other regions. Resources are awarded CSOs when their offer price clears the auction. Resources may exit the market and relieve themselves of their CSO by submitting de-list bids in subsequent auctions. Only new or de-listing resources may set the auction clearing price. All other resources are considered "Existing Resources" and "take" the FCM clearing price. Pursuant to the market rules, the NECEC would participate in the FCM as an "Elective Transmission Upgrade" (ETU) backed by a "New Import Capacity Resource."

As is clear from the record in this proceeding, the FCM rules are complicated, and how they would apply to the NECEC has been extensively debated by the experts and the parties. The three elements of the FCM rules that have been most debated are (1) the Qualification, (2) the MOPR, and (3) the Competitive Auctions for Supported Policy Resources (CASPR). Each of these is discussed in more detail below.

c. Qualification

Before participating in an FCA, a resource must go through a Qualification process administered by ISO-NE. With respect to the NECEC, which as noted above is both an Import and an ETU, Section 13.1.3 of the ISO market rules governs the Qualification process. First, the rules require that an ETU must be built to a higher interconnection standard than non-ETU resources. This higher standard, which is referred to as the Capacity Capability Interconnection Standard, or CCIS, is intended to ensure that capacity from an ETU can be delivered into the relevant zone without

¹⁵ Information relating to ISO-NE's FCM can be found at <https://www.iso-ne.com/participate/rules-procedures/tariff/market-rule-1>.

relying on the system delivery capability being used by other resources in the zone that already have a CSO.¹⁶ Second, with respect to a New Capacity Import, the resource must demonstrate the reliability of the generation source behind the import to qualify. This can be done by providing contracts for capacity for one or more years, demonstrating proof of ownership over one or more External Resources to back the Import, or ensuring that the capacity it supplies to the New England Control Area will not be recalled or curtailed to satisfy the load of the external Control Area, or that the external Control Area in which it is located will afford New England Control Area load the same curtailment priority that it affords its own Control Area native load.¹⁷

d. The Minimum Offer Price Rule (MOPR)

The ISO-NE Internal Market Monitor (IMM) oversees the FCAs to ensure they are conducted in a fair and competitive manner. Pursuant to the rules for new entrants, all offers of capacity that are below the Offer Review Trigger Price (ORTP) are subject to review by the IMM for consistency with the facilities' costs. This is known as the "MOPR."¹⁸ The objectives of MOPR are to prevent the exercise of buyer-side market power and resulting capacity price suppression and to ensure that new resources are offered into FCM on a competitive basis. EXM Exh. 3 at 1.

The ORTP reflects the IMM's calculation of what a given capacity resource should require for compensation from the capacity market. Prior to each FCA, the IMM publishes the ORTP for all resources. Market Rule 1, Appendix A, Section III.A.21.1.1. Pursuant to the MOPR, any offer of capacity from a new facility that is below the applicable ORTP is subject to review by the IMM for consistency with the facility's costs. As part of this review process, a facility can provide information to the IMM that

¹⁶ On this point, CMP states:

This interconnection standard is more stringent than the Minimum Interconnection Standard (MIS) that is typically used for Section I.3.9 Approval. Unlike the MIS, which allows other generation to be dispatched off to permit the interconnection of the proposed new resources, the more stressful overlapping impact analysis that is performed pursuant to the terms of the ISO-NE Planning Procedure No. 10 to satisfy the CCIS, requires that new generation be fully deliverable to a Load Zone (in this case Maine), without dispatching off existing generation within the same zone of interconnection.

CMP Petition at 43. See *also* Section 1 of Schedule 25 of the ISO Open Access Transmission Tariff.

¹⁷ Thus, should an emergency situation require the shedding of load to preserve overall system reliability, the external control area would not preserve operations in its own control area by shedding load in the receiving control area first.

¹⁸ MOPR is not a defined term in the ISO tariff. It is the IMM administration of the Offer Floor Price and Offer Review Trigger Price collectively that is referred to as the "MOPR."

demonstrates that its offer is reasonable. Based on this review process, the IMM may establish an alternative “Offer Floor Price” which is the value below which the facility may not bid.¹⁹ If the MOPR set by the IMM for a given facility is higher than the FCA clearing price, the facility would be prevented from clearing in the auction.

e. Competitive Auctions with Sponsored Policy Resources (CASPR)

In 2018, ISO-NE adopted rules related to CASPR to address the concerns about the participation of subsidized resources in the FCM. CMP Exh. NECEC 48 at 1. CASPR allows state-sponsored resources which otherwise do not clear the primary auction due to the MOPR to acquire a CSO by “trading” with an existing generator.²⁰ Immediately following an FCA primary auction, there is a second “substitution auction” in which the subsidized resource has an opportunity to buy out the position(s) of a resource (or resources) that was (were) awarded a CSO in the primary FCA. Once the CASPR resource acquires the existing generator’s CSO, the existing generator must then permanently retire from the capacity market. The subsidized resource then holds a CSO and receives capacity revenues as an existing resource for subsequent capacity auction periods, but the total amount of capacity on the system is unchanged, and prices remain competitive. Fowler Dir. Test. at 9. Additionally, as LEI testified, once a CASPR resource acquires a CSO in the substitution auction, it does not have any MOPR constraints in future primary auctions. Tech. Conf. Tr. at 54 (Dec. 19, 2018).

Finally, as is the case with the energy market, prices in the FCM can vary by zone. While not as granular as LMPs in the energy market, there are also locational pricing incentives built into the capacity market. Market Rule 1 Section III.12. When constraints occur in Import Constrained Zones, the capacity clearing price in the constrained zone will be higher relative to clearing prices in the rest of the pool. When constraints occur in Export Constrained Zones, prices in the constrained zone will be lower relative to the prices in the rest of the pool.

f. Analyses in the Record and Positions of the Parties

Four expert witnesses provided analyses of the NECEC with respect to the capacity market benefits and the issues discussed above. Daymark provided estimated capacity market benefits for Maine and the region. LEI provided an analysis of the potential capacity market benefits from the NECEC, and also provided expert testimony and analysis on the likelihood that the NECEC-enabled capacity would clear the auction. Finally, witnesses for GINT and NextEra provided testimony and analysis regarding the likelihood of NECEC-enabled capacity being able to qualify and meet the MOPR.

¹⁹ The terms “Offer Floor Price” and “MOPR” are sometimes used interchangeably.

²⁰ The capacity offers of these subsidized resources do not affect FCA clearing prices.

Daymark assumed that 1,090 MW of capacity from the NECEC would qualify in, and clear, the FCM. Daymark's estimated capacity market price reductions for Maine averaged \$50 million per year during the first 8 years of the Project, yielding a \$312 million NPV over the life of the Project. Daymark Report at 13-14. Daymark did not provide any analysis on the MOPR issue.

LEI provided multiple capacity market analyses. In its initial Report, LEI provided its estimate of the capacity market benefits from the NECEC, assuming that 1,090 MW cleared. LEI estimated that this would result in savings for Maine of \$19 million per year, and \$223 million NPV over the 15-year LEI study period. LEI Report, Figure 4. Subsequently, in a memo dated September 10, 2018, LEI provided support for its conclusions about the NECEC MOPR price, and the likelihood that, given this MOPR price, the NECEC capacity would clear the capacity market. LEI MOPR Memo. LEI also recalculated the MOPR price and estimated capacity market benefits that would result for the entire New England region if HQUS were to qualify a lower amount of capacity. LEI Supplemental MOPR Memo at 4-6. LEI's analysis of the benefits to the market region-wide indicated savings of between \$2 and \$3 billion NPV (2023\$). *Id.* at 5-6. This equates to approximately between \$155 and \$243 million (2023\$) in benefits to Maine. CMP Initial Br. at 48, fn. 143. Finally, LEI highlighted a number of different ways HQUS might choose to offer different levels of capacity into the market based on an assessment of all options and economic opportunities. *Id.* at 5.

GINT experts testified that there would be no capacity market price suppression benefits because the NECEC would fail the MOPR. Fowler Sur. Test. at 13. Mr. Fowler's testimony regarding how the IMM would interpret the provisions for setting the Offer Floor Price indicated that NECEC MOPR prices would exceed future auction clearing prices. Corrected Fowler Sur. Test. at 4.

NextEra witness Robert Stoddard testified that the NECEC is unlikely to have a measurable change on capacity prices in New England because HQ does not have surplus winter capacity and because the Project cost is likely to exceed the relevant clearing price in the FCA. Stoddard Sur. Test. at 4. Dr. Stoddard's MOPR analysis indicated that the NECEC's minimum offer price would not clear the market, "this capacity is far too expensive to clear in the primary auction of the FCA in the foreseeable future." *Id.* at 14.

CMP argues that NECEC's participation in the FCM is likely to reduce capacity prices for customers in Maine and New England. CMP Initial Br. at 44. CMP notes that there is substantial evidence in the record that demonstrates HQ Production will have capacity to offer via the NECEC. *Id.* at 46. CMP argues that LEI's MOPR Memo, which establishes that the NECEC-enabled capacity will clear in the primary auction, is reasonable and should be adopted by the Commission. *Id.* at 50. CMP notes that LEI's method of calculating the relevant transmission costs more accurately reflects the true costs of the capacity resource because HQ TransEnergie, not HQ Production, will be responsible for paying the construction costs of the line on the Canadian side, and HQ TransEnergie's transmission rate for firm point-to-point transmission service is designed

to capture the marginal cost of new transmission construction in Québec. *Id.* at 53. With respect to energy costs, CMP agrees with LEI's and NextEra's use of an energy opportunity cost approach, and disagrees with GINT's claim that the energy cost factor must be calculated using the total cost of new energy generation capacity required to serve the NECEC. *Id.* at 54-55. CMP notes that the energy opportunity cost approach is the appropriate methodology to reflect the energy costs associated with the NECEC capacity resource because it is the most accurate representation of the true costs of the resource, particularly in light of market conditions, which indicate that HQ Production is not building new generation for the NECEC; but in the absence of the NECEC, HQ Production would sell its energy to other markets. *Id.* at 56. Even if the NECEC-enabled capacity does not clear in the primary auction, and acquires a CSO through the substitution auction, CMP asserts that customers in Maine and in the ISO-NE region will still benefit. *Id.* at 65.

IECG argues that the LEI estimate of the value of capacity market benefits is reliable and should be used by the Commission as a basis for estimating benefits to Maine energy consumers. IECG Initial Br. at 28. However, according to the IECG, given the uncertainty related to the MOPR issue, it may be prudent to discount the LEI estimate by 50% to reflect this uncertainty. IECG therefore recommends that the Commission adopt a value of \$110 million in benefits to Maine energy consumers related to capacity market savings. *Id.*

WM&RC asserts that the NECEC will likely provide capacity benefits. WM&RC Initial Br. at 13-14. WM&RC argues: "LEI's ultimate conclusion was that, based on a range of conditions and likely MOPR estimates, the NECEC should not be constrained from clearing in the primary auction." *Id.* at 14. WM&RC notes further that even if the NECEC does not clear the primary auction, ratepayers would not be adversely impacted and the Project would still yield net benefits to Maine's consumers. *Id.*

IBEW argues that that the LEI estimates of energy and capacity market savings are based on extremely conservative estimates, but corroborate Daymark's conclusion that there are significant ratepayer savings that would be provided by the NECEC. IBEW Initial Br. at 6.

GINT argues there is no capacity market price suppression benefit to ratepayers. GINT Initial Br. at 9. GINT notes that there is no evidence that Hydro-Québec has excess incremental generating capacity beyond what it is already offering into the New England market. *Id.* at 10. GINT notes that Hydro-Québec and CMP have stated that Hydro-Québec would not need to construct any new dams or other generating capacity in order to provide energy under the Massachusetts contracts. *Id.* at 11-12. Moreover, according to GINT, the North American Reliability Corporation has projected a significant shortfall in Hydro-Québec capacity levels by 2024. *Id.* at 13. GINT also asserts that, the Hydro-Québec Minimum Offer Price would not clear in the FCA and that LEI calculation of the NECEC MOPR is unreasonable. *Id.* at 19. GINT asserts that the appropriate calculation should rely on the capital cost to build new generating capacity, and the capital cost to build new transmission on both sides of the border

and, that, if calculated this way, any capacity that could be offered through the NECEC would cost more than the market clearing price. *Id.* at 22.

NextEra agrees with GINT that the NECEC will produce no capacity benefits. NextEra asserts that HQUS will be unlikely to qualify in the capacity market unless the load in Québec can be curtailed on the same basis as the HQUS deliveries into New England, and argues that CMP failed to submit substantial evidence demonstrating this to be the case. NextEra Initial Br. at 20. NextEra also asserts that the Offer Floor Price for the NECEC would prevent it from clearing the auctions. Finally, NextEra argues there has been no showing of a seller of capacity over the NECEC for years 21–40 of the Project. *Id.*

NRCM agrees with GINT and NextEra that the NECEC will provide no capacity benefit because it is unlikely to satisfy the MOPR due to the significant out-of-market revenues it will receive by virtue of its selection in the MA 83D solicitation process. Instead, it is more likely that the NECEC would have to obtain a Capacity Supply Obligation through the new CASPR substitution auction, which would require the permanent retirement of an equal number of MWs of existing generation in Maine for the number of MWs the NECEC wished to clear in the FCA, noting that such retirements would result in some loss of jobs and tax revenues in the state. NRCM Initial Br. at 16. NRCM notes that, in evaluating bids into the MA RFP process, the MA EDCs did not calculate capacity benefits for different projects because of the difficulty in forecasting capacity market prices and because the new FCM rules, such as CASPR, were likely to make it more difficult for state-sponsored resources, such as the NECEC, to impact capacity clearing prices. NRCM argues that the Commission should follow suit and ascribe zero benefits to potential capacity price suppression effects. *Id.* at 16-17.

g. Discussion

The Commission finds that the NECEC will result in capacity market benefits to Maine. As noted above, the NECEC must satisfy the CCIS standard of the ISO-NE Open Access Transmission Tariff (OATT), which will ensure that NECEC-enabled capacity can participate in the FCM. In addition, the energy product that will be provided by HQUS, which is firm delivery of 1,090 MW of energy per hour in virtually all hours, is very much like a capacity product and is likely to require capacity to ensure that these firm energy delivery obligations will be met. Furthermore, the Commission notes that HQP has recently added new capacity to its system (Romaine 3), and is planning to add additional capacity over the next several years, suggesting that it will have incremental capacity for sale over the NECEC into the ISO-NE FCM. CLF Exh. 14 at 17.

With respect to the MOPR issue, the Commission finds the analysis and testimony of LEI to be the most internally consistent and credible and, thus, the Commission concludes that NECEC-enabled capacity is likely to clear in the primary auction. Given these factors, HQUS would have the ability to participate in the FCA

and, given the substantial revenue it would receive, would have a strong financial incentive to do so.

However, the Commission also recognizes the uncertainty regarding the capacity market benefits. As noted above, the record reflects benefits for Maine that range from \$19 million to \$27 million per year. Moreover, given the fluctuating nature of the ISO-NE capacity market and related rules, any such benefits, even if certain in the near term, cannot be certain over the longer term. Thus, the Commission concludes that the lower end of the range of benefits, \$19 million per year, for the first 10 years of NECEC operation, is a reasonable and conservative estimate of the capacity market benefits to Maine from the NECEC.

4. Reliability

a. Reliability Elements and Positions of the Parties

There are two distinct elements related to reliability that have been raised in this proceeding. The first is the degree to which transmission system reliability may be affected by the NECEC HVDC facility and the associated AC system upgrades required to accommodate it. The second is the degree to which the NECEC affects regional “fuel security.”²¹

CMP and NextEra have both conducted transmission system studies for the NECEC. CMP provided two studies: The “New England Clean Energy Connect (NECEC) Project Analysis and Technical Report,” and the “New England Clean Energy Connect Surowiec-South Interface Limits and Overlapping Impacts Study.” CMP Exh. NECEC 3. The Project Analysis and Technical Report was conducted pursuant to the ISO-NE I.3.9 process. The I.3.9 process ensures that any changes to the system, such as generator additions, do not have an adverse impact on the system. The Overlapping Impacts Study examines the NECEC to ensure that, along with identified upgrades, it would meet the CCIS. These studies identify the system upgrades needed for the NECEC. CMP Exh. NECEC 3; CMP Petition at 40-42.

NextEra also conducted transmission system modeling. Based on its assumptions that the NECEC would cause Maine-based generators to retire, NextEra witnesses conducted a study of the resulting reliability issues from such retirements. The NextEra study results, which were provided in the surrebuttal testimony of Mr. Whitley, indicated a potential need for future reliability upgrades given those assumptions. Whitley, Mayers, Wang Sur. Test. at 11.

In its brief, CMP highlights transmission reliability benefits that it asserts the NECEC will provide. First, CMP argues that the NECEC will add important redundancy between the Québec and New England systems, which will better protect the region in

²¹ “Fuel security” is a term that is frequently being used within ISO-NE. By its use of the term, the Commission is referring to the reliability, adequacy, and diversity of the fuel types behind supply resources serving the region.

the event of the loss of the existing Phase II intertie, one of the largest possible losses of supply in New England. CMP Initial Br. at 94. The additional interconnection between New England and Québec would also allow both control areas to provide incremental emergency support in the event of capacity deficiencies (tie benefits). *Id.* at 95. According to CMP, the AC upgrades required by the NECEC will increase the transfer limits at the Surowiec-South interface from 1,600 MW to 2,600 MW. CMP further states that the new 345 kV line between the Coopers Mills Road substation and the Maine Yankee substation (Section 3027) and the rebuilding of the 115 kV lines (Sections 62 and 64) out of Larrabee Road will add redundancy and additional transmission capacity to the transmission system across central Maine. *Id.* Finally, CMP argues that the additional transformer at Raven Farm will improve reliability in the greater Portland area. *Id.* at 95-96. CMP also states that the NECEC will provide significant fuel security benefits by delivering clean baseload hydropower to replace retiring resources in the region and by reducing the region's dependence on natural gas fired generation. *Id.* at 83.

The IECG argues that the additional capacity and fuel diversity provided by the NECEC will help to address a portion of the energy price spikes and reliability risk posed to Maine and New England by the lack of adequate natural gas pipeline infrastructure. IECG Initial Br. at 29.

GINT argues that the NECEC would make electric service in Maine less reliable by hastening the retirement, or preventing the development, of reliable generators under dispatch control here in New England and replacing them with less reliable power from Québec. GINT Initial Br. at 1. GINT asserts that the NECEC would provide no reliability if it does not deliver incremental energy. *Id.* at 63. GINT notes, further, that because New England and Québec experience winter weather at the same time and because Québec is a winter peaking system, relying on energy from HQ in the winter may have risks. *Id.* at 64. Finally, GINT argues that NECEC could reduce the reliability of the ISO-NE system by inducing the retirement of a potentially fuel-diverse resource through the CASPR program. *Id.* at 68.

NextEra does not refute the transmission modeling conducted by CMP and its consultants. NextEra Initial Br. at 25-26. However, NextEra argues that CMP has failed to show that the NECEC will not have a negative impact on reliability in future years because it did not present any probabilistic transmission studies regarding this issue. Without such studies, claims NextEra, it is not reasonable for CMP to claim there will be no reliability upgrades resulting from the operation of the NECEC. *Id.*

NRCM argues that attention devoted by CMP to the NECEC could strain CMP resources and result in less reliability and diminished ratepayer experience. NRCM Initial Br. at 20. NRCM also notes that, if the NECEC were to substitute for one or more of these (Maine) generators through CASPR, in-state resources with stored fuel would be traded for a long transmission line to Québec which would not help regional fuel security. *Id.* at 21.

b. Discussion

The Commission finds that the NECEC and associated upgrades will increase the reliability of the Maine transmission system. As noted above, because of the requirement that the Project meet the CCIS, the overlapping impact test requires that the NECEC must not erode the capacity deliverability of other resources in the Maine Zone. Because the overlapping impact test requires all of the generators with a CSO in the same zone to be “turned on” at their full output before the impact of the NECEC is modeled, any system upgrades necessary to ensure that the NECEC, as well as all of the other resources with CSOs in Maine, can operate at full output without being curtailed are the responsibility of the NECEC. Because, in reality, the system rarely operates this way, the system upgrades required by (and provided by) the NECEC will provide extra redundancy and reliability to the Maine system during normal operations modes.

The Commission finds that NextEra’s assertions about the potential adverse impacts of the NECEC 5-10 years in the future is not persuasive. As noted above, NextEra’s position reflects its assumed retirement of one or more Maine generators, the retirement of which is not indicated by the modeling done by LEI or Daymark. Moreover, the Commission notes that the NextEra witnesses admitted that NECEC system upgrades would resolve the N-1 reliability problems their study revealed. Hearing Tr. at 71-74 (Oct. 22, 2018).

The Commission notes, further, that seven Maine generation facilities totaling 1,370 MW in capacity, including those cited by GINT and NextEra as “at risk” due to the NECEC, had already submitted de-list bids in FCA 13 that were accepted by the ISO-NE.²² Had the de-listing of any of these facilities created the type of reliability problem that is here asserted by NextEra, these de-list bids would never have been accepted by the ISO-NE.

With respect to “fuel security,” the Commission concludes that the addition of this interconnection to Québec, and the substantial amounts of baseload hydroelectric energy it will enable, will enhance supply reliability and supply diversity in Maine and the region. The Commission notes that there are significant challenges to siting new energy infrastructure in the region, as is evidenced by local opposition to natural gas pipeline and electric transmission projects. At the same time, natural gas supplies from remaining gas fields offshore of Nova Scotia have diminished, and most of the supply from that region is expected to be gone by 2020. CMP Exh. NECEC 45 at 23. The Commission notes, further, that in response to fuel security concerns stemming from the potential loss of existing generators in the region, such as the Mystic Units 8 and 9 in Massachusetts, the ISO-NE is taking steps to prevent their retirement through

²² See Forward Capacity Obligations spreadsheet for FCA 13 which can be found at <https://www.iso-ne.com/markets-operations/markets/forward-capacity-market/>.

mechanisms such as cost-of-service Reliability Must Run contracts with ISO-NE. CMP Exh. NECEC 40 at 5.

With respect to fuel diversity, the region's dependence on natural gas presents serious challenges and risks, such as exposure to price spikes and concerns about supply adequacy in the winter periods. In an effort to address these concerns, ISO-NE has adopted various market rule changes over the past few years, such as Pay for Performance and the Winter Reliability Program. Excerpts from ISO-NE filings and presentations on these matters are provided below.

*From the ISO January 17, 2014 filing for PfP - ER14-1050-000 MR1
Performance Incentives Changes*

Indeed, as fully detailed in the testimony of Peter Brandien, the ISO's Vice President of Operations, the ISO has observed and documented pervasive and worsening performance problems among the existing generation fleet in New England. These problems, which are not limited to a single resource or fuel type, fall into three general categories. First, the region's growing dependence on natural gas leaves it extremely vulnerable to interruptions in gas supply, which can occur with little notice and which can affect multiple generators simultaneously. Second, a significant portion of New England's oil and coal units cannot provide reliable backup when gas problems arise due to increased outage rates, start-up problems, and other operational difficulties. Third, across the entire fleet, the ISO is observing increasing outage rates, poor responses to contingencies, and a host of other issues, such as failure to maintain liquid oil inventory, mothballing dual fuel capability, and inadequate staffing.

*From the June 28, 2013 filing for the Winter 2013-2014 Reliability Program
- ER13-1851-000*

In the last few years, the ISO and stakeholders have identified a number of strategic risks. Two of these risks – related to New England's increased reliance on natural gas-fueled generation and to resource performance during periods of stressed system conditions – are most pressing, and the region is working on a number of solutions to address these concerns. For example, the ISO has implemented a change in Day-Ahead Energy Market timing and is making filings to improve offer flexibility and amend the reserve market. In addition, review of two sets of ISO-proposed revisions to the Forward Capacity Market ("FCM") rules is or will be underway with stakeholders. These proposed revisions aim to tighten the shortage event trigger and to redesign market incentives and, at the conclusion of the stakeholder processes, will likely be filed with the Commission later this year. The ISO intends that the proposed changes to FCM to redesign market incentives will directly address the gas dependence and resource performance issues discussed herein. This FCM performance incentive proposal is planned for implementation for the 2018-2019 Capacity Commitment Period. As a transition between the Winter Reliability Project and the FCM performance incentives project, the ISO intends to propose a scaled-down version of the

performance incentives project to purchase a fuel-neutral, winter-based reliability product for the winters of 2014-15 through 2017-18.

From the ISO March 6, 2018 Markets Committee meeting presentation on "Winter Energy Security Improvements: Market Based Approaches."

In accordance with FERC's July 2, 2018 order in EL18-182-000, the ISO must develop and file improvements to its market design to better address regional fuel security.

Finally, as noted above, fuel security has been a growing issue in the ISO-NE region such that it has become a subset of system reliability as viewed by ISO-NE and the FERC. The Commission points to the Operational Fuel Security Analysis provided by ISO-NE in January 2018. This analysis was later adopted by FERC in its fuel security order. *Order Denying Waiver Request*, FERC Dockets ER18-1509-000, EL18-182-000 (July 2, 2018). The study conclusions state: "The study indicates that over the next several decades, New England's power system will largely depend on the availability of two key elements, sufficient injections of LNG and electricity imports from neighboring regions." The Commission recognizes that there may be challenges associated with depending on imports, but given the difficulty that the region faces in terms of siting any energy infrastructure, the ISO NE's conclusions regarding the future are compelling. Thus, in this case, the Commission is presented with a transmission line that will provide a pathway to import up to 1,200 MW at no cost to Maine and will provide significant mitigation for the issues identified in Operational Fuel Security Analysis. Because fuel security, through FERC jurisdiction and its ruling on the Mystic Units, has been determined to be a regional issue and, thus, the costs to address it are socialized across the region, if a significant import line is not built now, it will likely be built later, the costs for which are likely to be treated in a way that is much less favorable to Maine than the NECEC.

5. Effect of the NECEC on New and Existing Generators in Maine

a. Overview

There have been three questions raised in this proceeding related to potential adverse effects on new and existing generators in Maine resulting from the NECEC. First, whether the NECEC would result in reductions to energy prices in Maine which, in turn, would reduce revenues for in-state generators. Second, whether, by its participation in the CASPR, the NECEC would cause existing Maine generators to retire. Third, with respect to new generators, whether the NECEC would "use up" the existing transfer capacity "headroom" at the Surowiec-South interface, thereby rendering that transfer capacity unavailable to new generators seeking to locate in Maine.

b. Positions of the Parties

GINT and NextEra argue that the NECEC, because of its effect on wholesale energy prices in Maine, will cause in-state generating plants to be more likely to retire.²³ In addition, GINT and NRCM note that because it is likely that NECEC would have to obtain a CSO through the new CASPR substitution auction, the NECEC would result in permanent retirement of an equal number of MWs of existing generation in Maine for the number of MWs the NECEC wished to clear in the auction. These parties note that such retirements would result in a loss of jobs and tax revenues in the State. GINT Initial Br. at 53; NRCM Initial Br. at 16.

On these points, CMP notes that the analyses of both LEI and Daymark do not indicate that the NECEC will result in any early retirement of Maine generators. CMP Initial Br. at 131-132. CMP notes that these results make sense, given the low capacity factors of the units. *Id* at 132. In addition, CMP cites to evidence in the record that certain Maine generators, most notably the Wyman units, are already at risk of retirement for reasons entirely unrelated to the NECEC, including their location, age, and the significant financial risks they face under ISO-NE's new Pay for Performance rules.²⁴ *Id* at 134.

The IECG agrees with CMP in regard to the tenuous position of the Maine generators today, due to their poor capacity factors and low revenues. IECG Initial Br. at 32. IECG observes, further, that, with respect to property tax revenues, the facilities most at risk contribute only \$5.5 million per year, which is substantially less than the estimated property tax revenues of \$18.4 million from the NECEC. *Id*.

In addition, several parties have raised concerns related to potential new generators in Maine. RENEW argues that, if NECEC capacity were to absorb existing transfer capacity "headroom," the Commission should condition any approval on (1) CMP increasing the Surowiec-South interface by the full 1,000 MW as planned regardless of whether ISO-NE finds a lower amount would be satisfactory, and (2) requiring that HQ seek qualification of a lower amount of capacity. RENEW Initial Br. at 5. On this point, GINT argues that the NECEC would "fill the headroom at Surowiec-South, increasing the expense of transmission development for Maine renewables." GINT Initial Br. at 60.

Acadia Center, CLF, and NRCM share these concerns, noting that the NECEC could hinder the development of new Maine-based renewable resources by consuming spare transmission system transfer capability. Acadia Center Initial Br. at 4; CLF Initial Br. at 6; NRCM Initial Br. at 19.

²³ GINT witness Bodell asserted the NECEC's participation in ISO-NE energy markets would hasten Maine generating plant retirements, eliminating jobs and property tax base. Bodell Dir. Test. at 40. However, no quantitative analysis or modeling to support these claims was provided.

²⁴ As noted in Section V(A), many of these generators submitted de-list bids in FCA 13.

CMP argues that, on the contrary, the NECEC will not prevent the development of renewable energy in Maine. CMP notes that the NECEC will have no effect on any of the proposed 765.5 MW of renewable generation that are ahead of it in the ISO-NE interconnection queue. CMP Reply Br. at 47-48. With respect to other renewable generation projects, CMP argues that the NECEC-related transmission system upgrades will actually benefit new renewable projects by increasing the transfer capability at the Surowiec-South interface and defraying system upgrades and costs that would otherwise be required of these projects by ISO-NE in order to interconnect. *Id* at 51-53.

IECG argues that the decision regarding the NECEC should not involve consideration of negative effects on generators, new or existing, in Maine's restructured market. IECG Initial Br. at 8. IECG argues that generators are not entitled to, and should not receive, protection from the entry of new entrants in a competitive market. *Id* at 10. According to the IECG, the Commission's decision whether to grant a CPCN must be based on considerations relating to electric consumers, not generators. *Id* at 8.

c. Discussion

Based on the record in this proceeding, the Commission does not find that the NECEC will result in the adverse effects on Maine generators as alleged by GINT and NextEra. With respect to the effects the NECEC will have on energy market prices, the Commission finds that, because of the already low capacity factors and energy revenues of these facilities, reductions in energy market prices are unlikely to be material for them. The Commission notes, further, that other factors, including the ISO-NE Pay for Performance rules, create far greater risks for these generators than the NECEC. It may be, at least in part, that because of these risks, most GINT and NextEra generators submitted de-list bids in FCA 13.²⁵ Moreover, the Commission agrees with the IECG that, as a policy matter, it is the interests of customers, not generation competitors, that must be the priority consideration in deciding whether or not to grant a CPCN for the NECEC.

The Commission also finds little merit to the concerns regarding the extent to which the NECEC may frustrate Maine-based renewables development by absorbing "headroom" on the transmission system. First, as noted above, there is more than 750 MW of new, renewable capacity in Maine ahead of the NECEC in ISO-NE's interconnection queue. Second, as also noted above, the Surowiec-South interface must be upgraded to accommodate 1,200 MW of capacity in order for the NECEC to meet the CCIS. If, as some parties argue, the level of NECEC-enabled capacity will be less than 1,200 MW, the available headroom at the interface may be substantially greater than the 200 MW that currently exists. Moreover, for the reasons expressed by CMP and the IECG, the Commission finds that "preserving" headroom for potential future competing projects at the expense of a project in development is poor public

²⁵ See Forward Capacity Auction Capacity Obligations FCA 13: <https://www.iso-ne.com/markets-operations/markets/forward-capacity-market/>

policy, as well as being wholly inconsistent with the ISO-NE interconnection rules and processes.

B. In-State Economic Impacts²⁶

1. Economic Impact Studies

In its Petition, CMP presented a study conducted by Ryan Wallace, Director of the Maine Center for Business and Economic Research (MCBER) of the University of Southern Maine (USM) that assessed the macroeconomic effects of the NECEC in Maine and New England using economic models developed by the Regional Economic Models Inc. (REMI). (USM Study). The USM Study grouped the effects into three broad areas or time periods: development/construction related; post-construction, or operations, phase; and market price reduction related. The USM Study indicates that NECEC transmission infrastructure investments are expected to support a \$573 million (2009\$) addition to Maine GDP and over \$440 million (2009\$) in total worker compensation during the 6-year development and construction period (2017-2022). CMP Initial Br. at 70. In addition, the USM Study indicates that the NECEC would support over 1,740 direct, indirect, and induced jobs per year in Maine during that same period. *Id.* According to Mr. Wallace, these construction-period benefits would be realized throughout the State. *Id.* at 71. During the NECEC post-construction, or operations, period, the USM Study indicates that the NECEC would support a total of 37 jobs, 21 of which would be to maintain and operate the NECEC and the remaining 16 from indirect and induced spending. *Id.* at 72. Finally, the Study indicates that the NECEC's energy market price suppression effects will result in over 260 jobs in Maine, on average, and more than \$23 million in GDP and \$17 million in total compensation each year over the 20-year term of the PPAs. *Id.* at 73.

The LEI Study included a review of the USM Study and an independent analysis of the macroeconomic benefits resulting from the NECEC. In conducting its analysis, LEI used the same REMI PI+ software as USM. LEI Report at 32. As was done in the USM Study, LEI analyzed the macroeconomic effects during (1) the development/construction period and (2) the operations period. LEI's analysis reflected its projected energy market prices (rather than Daymark's), and included certain factors that were omitted in the USM analysis, most notably, NECEC capacity market price impacts, contract costs borne by Massachusetts ratepayers, and early retirement and deferred investment in generation capacity triggered by the NECEC. *Id.* at 54. LEI also provided its independent analysis of tax revenue from the NECEC by municipality. *Id.* at 37.

²⁶ For the reasons discussed in Section IV(A) above, the Commission's focus is on benefits to Maine rather than to the New England region as a whole.

A comparison of the LEI and USM macroeconomic benefits is shown in Figure V.1 below:²⁷

Figure V.1

Benefit categories	LEI Analysis		USM Analysis	
	Maine	New England	Maine	New England
Jobs - development and construction period (Annual average for 2017-2022)				
Direct	856	N/A	868	N/A
Indirect and Induced	775	N/A	824	N/A
Total	1,631	N/A	1,691	N/A
Jobs - operations period (Annual average for 2023-2037)				
Total	291	1,826	329	3,735
GDP - development and construction period (Annual average for 2017-2022), fixed 2009\$ million				
	\$98.2	N/A	\$94.1	N/A
GDP - operations period (Annual average for 2023-2037), fixed 2009\$ million				
	\$29.1	\$205.3	\$25.8	\$406.2

Note:

1. Economic impacts in terms of incremental jobs and GDP presented in the table are the annual average of the modeling periods in LEI's study, namely 2017-2022 for the construction period and 2023-2037 for the operations period.
2. The incremental jobs and GDP in New England do not include those created by O&M activities of the NECEC project (indicated in the table as "N/A"), since the macroeconomic impacts of O&M spending is modeled within Maine, to be consistent with USM's approach.

LEI Report at 15.

As shown in Figure V.1, LEI's analysis reflects employment and GDP benefits in Maine that are generally consistent with those reflected in the USM Study. With respect to the broader New England region, LEI's analysis reflects benefits that are significantly less than those in the USM Study due to LEI's inclusion of the contract costs borne by ratepayers in Massachusetts, as well as early retirement of generators in Connecticut. *Id.* at 16.

Both LEI and the USM Study estimate approximately \$18 million annual incremental municipal tax revenue received from the NECEC based on the Project's taxable value and the municipal mill rates in effect in 2016. LEI Report at 64; USM Study, Section 6. As noted by LEI, the actual tax payments from the Project will depend

²⁷ CMP provided an update to the information in its Petition in which it estimated the number of direct, indirect and induced jobs would be 1,742 on an annual average basis based on updated projected NECEC costs. ODR-003-011, Highly Confidential Attachment 2.

on a number of factors, including the taxable valuation in each municipality, the budget plan and mill rates in each municipality, and the change in valuation of other properties. LEI Report at 64-65. Additionally, tax payments from the NECEC are expected to decline as the taxable value of the project depreciates. *Id.* at 65.

2. Positions of the Parties

CMP describes the USM Study as “conservative” in that it does not reflect any potential NECEC capacity market price suppression effects, nor any benefits from increased property and sales taxes. CMP Initial Br. at 73. CMP notes that LEI’s analysis confirms that the NECEC will produce substantial jobs and increased GDP during its development/construction and operations periods, and that LEI generally confirms the macroeconomic benefits to Maine shown in the USM Study. *Id.*

GINT argues that the USM Study overstates macroeconomic benefits and is unreliable. GINT Initial Br. at 61. GINT points to the following flaws of the USM Study to support its assertion: (1) reliance on Daymark’s energy price forecast; (2) failure to include the contract costs borne by Massachusetts ratepayers; (3) failure to include the effect of early retirement of or deferred investment in generation in Maine;²⁸ and (4) the adverse effect on the tourism industry in Maine. *Id.* at 62-63. Other parties, including the NRCM and Caratunk, also dispute the macroeconomic benefits as estimated by the USM and LEI Studies, for reasons such as overstated property taxes and failure to consider the effect of the NECEC on local economies. NRCM Initial Br. at 18-19; Caratunk Initial Br. at 36-38.

The IECG observes that the USM and LEI Studies show macroeconomic benefits for Maine that are highly consistent with one another. IECG Initial Br. at 31. The IECG agrees with GINT that, as a general matter, lost tax revenues and employment from shutdowns or cutbacks at existing Maine generators are appropriately included in this type of analysis; however, the IECG disagrees with GINT’s position that the NECEC would cause any such shutdowns or cutbacks. *Id.* at 32. Other parties, including the Chamber, Lewiston, IBEW, and WM&RC, support the Project due to the economic benefits it will provide at the local level through increased employment, property tax revenue, and eco-tourism opportunities.

3. Discussion

The Commission finds both the USM and LEI Studies to be supportive of the fact that positive and substantial direct, indirect, and induced macroeconomic benefits will accrue to Maine from the development, construction, and operation of the NECEC. Although the numbers of jobs and dollar increases in GDP cannot be precisely quantified, the Commission finds that the range reflected by the USM and LEI Studies

²⁸ The LEI Study, which does include the effects of the NECEC on generator retirement, concludes that most of the impact will be on generators in other states, and there would be only a minor impact in Maine. LEI Report at 35.

provides a reasonable estimate. Moreover, the Commission agrees with the observation of CMP that a \$1 billion investment in a project located entirely in Maine, with the resulting employment and taxes it will produce, would result in substantial macroeconomic benefits to the State. CMP Initial Br. at 32. With respect to offsetting negative impacts due to premature shutdowns or cutbacks of Maine generators, for the reasons discussed in Section V(A)(5) above, the Commission finds that such shutdowns or cutbacks, if they occur, are not attributable to the NECEC. And, with respect to deferral of investment, the Commission notes that, according to the LEI Study, any such deferrals would affect new investment in Massachusetts, not Maine. LEI Report at 63. Finally, as will be discussed in Section V(D) below, the NECEC will have an adverse effect on scenic and property values, and local tourism and recreational economies, which cannot be quantified. These adverse economic impacts offset to some degree the economic benefits of the Project.

C. Public Health and Safety

1. Background

Section 3132(2-C)(A) directs the applicant for approval of a CPCN to include in its petition, among other things, “[a] description of the effect of the proposed transmission line on public health and safety.” Section 3132(6) directs the Commission to, in determining public need for the proposed project, consider the project’s impact on “public health and safety.”

2. Public Health

In its initial filing in this case on September 27, 2017, CMP indicated it had retained Exponent, Inc. to conduct an electric and magnetic fields (EMF) study for the NECEC which would be submitted as a supplement to CMP’s initial petition when the report is completed. On January 12, 2018, CMP filed Exponent’s report titled *Modeling of the Electrical Environment, Report New England Clean Energy Connect Transmission Project* (Exponent Report). CMP Exh. NECEC 16. The Exponent Report presents the EMF levels and ion densities for transmission lines and interconnections (1) along the NECEC route and (2) in portions of the transmission system in which CMP proposes to complete necessary upgrades.

CMP summarizes the findings and conclusions of the Exponent Report as follows:

Exponent found that the NECEC HVDC line will produce static EMFs similar to those encountered in the natural environment, with magnetic-field levels similar to the earth’s static geomagnetic field and electric-field levels similar to those produced by atmospheric phenomena, weather, and friction charging. Such levels are below the National Radiation Protection Board’s threshold that static fields above 25 kV/m may be annoying, and well below International Commission on Non-Ionizing Radiation Protection (ICNIRP) and Food and Drug

certain communities in Somerset and Franklin counties, as well as the associated tourism and recreation-based economy in these communities. The Commission also finds that the benefits represented by the MOU and the undergrounding of the line at the Kennebec Gorge are positive and offset the adverse impacts to some extent.

E. Proximity to Inhabited Dwellings

Section 3132(2-C)(A) directs the applicant for approval of a CPCN to include in its petition, among other things, “[a] description of the effect of the proposed transmission line on... the proximity of the proposed transmission line to inhabited dwellings.”³² Section 3132(6) directs the Commission, in determining public need for a proposed project, consider “the proximity of the proposed transmission line to inhabited dwellings.”

The issue of the NECEC’s proximity to inhabited dwellings received little discussion in this case. Addressing this issue, CMP asserts that its design of the project route also reflects its diligent efforts to avoid impacts on inhabited dwellings. Foremost, CMP sited approximately 73% of the NECEC within existing transmission corridor owned by CMP. Where the Company was unable to site the project within existing corridor, CMP conducted due diligence on necessary real estate purchases and sited the project within newly acquired corridor nearby few, if any, inhabited dwellings. Following this approach, the NECEC route runs almost exclusively on privately-owned, commercial forestland containing few, if any, nearby inhabited dwellings. During the discovery phase of this proceeding, CMP provided written responses to data requests on this issue in at least two instances. Other parties neither offered these data responses as record evidence nor presented any testimony on this subject. CMP Initial Br. at 128-129.

No party in this case offered testimony on this issue and the issue was not directly addressed by any of the people who testified during the three public witness hearings in this case. Based on the limited record in this case on this issue, the Commission finds that CMP has designed the Project in a way that results in sufficient distance between the proposed transmission line and inhabited dwellings.

F. State Renewable Energy Goals

1. Incremental Hydroelectric Generation and GHG Emissions

As discussed in Section IV(D) above, the Commission finds that incremental hydroelectric generation for delivery into New England promotes the State’s renewable energy generation goals. At issue, then, is whether the NECEC will result in incremental hydroelectric generation and, thus, advance the State’s renewable energy

³² As required by section 3132(2-C)(A), CMP included a discussion of the proposed transmission line’s proximity to inhabited dwellings in its September 27, 2017 Petition. CMP Petition, Vol. 1, at 69-70.

generation goals, including GHG emissions reductions.³³ As discussed below, this issue involves consideration of: (1) whether there would be excess water within the HQ system that could be used to generate energy as a result of the NECEC export path; (2) whether it is reasonably likely that HQ will develop additional hydroelectric capacity on its system, at least to some significant degree, as a result of the NECEC; and (3) if HQ did divert energy from another market to meet its NECEC obligations, as has been argued by some parties, what type of supply would that other market use to replace the diverted HQ energy.

a. Positions of the Parties

CMP and IECG argue that HQ Production currently has excess energy available to supply the NECEC without diverting energy from other markets. CMP Initial Br. at 98-110; IECG Initial Br. at 35-38. In support of this, these parties cite to publicly available information, as well as to a letter in which Hydro-Québec states that it spilled over 4.5 TWh worth of energy in 2017 and 10.4 TWh worth of energy in 2018 due to lack of economic transmission, and that without additional transmission export capability, the quantity of spilled water in future years is expected to be comparable. CMP Initial Br. at 108-109; Kelly-004-001. CMP and IECG note, further, that the PPAs between HQUS and the MA EDCs are firm contracts that impose significant financial consequences for failure to perform to provide incremental energy. CMP Initial Br. at 138-150. CMP also argues that the NECEC will contribute to HQ Production's economic incentives to develop new hydroelectric facilities. *Id.*

Moreover, CMP states that all three analyses conducted in this case regarding the NECEC's GHG reduction benefits show that the Project's operation would result substantial GHG reductions for Maine. CMP Initial Br. at 102-104. Specifically, CMP refers to the Energyzt analysis³⁴ that found that the NECEC would reduce Maine GHG emissions levels by approximately 255,000 metric tons per year, the Daymark analysis that found that the NECEC would result in reductions of 264,000 metric tons per year, and the LEI analysis that found that the NECEC would reduce Maine's GHG emissions levels by approximately 306,000 metric tons per year. On a regional level, these amounts are equivalent to GHG emissions reductions of between 3.0 and 3.6 million metric tons per year. According to LEI, such reductions are equivalent to removing approximately 700,000 passenger vehicles from the road. LEI Report at 30.

³³ Regarding the issue of potential increases in CO₂ emissions from the HQ facilities, as noted in the LEI Report, on a lifecycle basis, any such increases would be substantially lower than emissions by natural gas generation. LEI Report at 30.

³⁴ The Energyzt analysis also concluded that the NECEC would result in increases in GHG emissions in other regions (New York, PJM, Ontario) and may actually increase overall emissions. Speyer Dir. Test., Exh. JMS-4, Technical Report: New England Clean Energy Connect (NECEC) Regional Carbon Emissions Impacts at 3 (Apr. 2018).

GINT, NextEra, NRCM, and Ms. Kelly argue that the NECEC would not have any meaningful GHG reductions benefits, and, in fact, would increase GHG emissions because HQ Production would divert energy from other regions to serve its obligations under the NECEC. GINT Initial Br. at 71-73; NextEra Initial Br. at 15-19; NRCM Initial Br. at 14-16; Kelly Initial Br. at 9-11. GINT and NextEra support this position by asserting that the PPAs with the MA EDCs do not actually require HQ Production to fulfil its obligations with incremental hydroelectric generation GINT argues that HQ Production spilled water for reasons other than those stated by Hydro-Québec, arguing that Hydro-Québec has more than enough physical transmission available to export that energy to market. GINT Initial Br. at 70-73. GINT asserts, based on the testimony of Ms. Bodell and Mr. Fowler,³⁵ that because Hydro-Québec did not do so, that there were other non-transmission constraints that led to the spillage (e.g., reservoir management, multi-year smoothing, opportunity cost). *Id.*

b. Discussion

The Commission concludes that the NECEC will result in significant incremental hydroelectric generation from existing and new resources in Québec and, therefore, will result in reductions in overall GHG emissions through corresponding reductions of fossil fuel generation (primarily natural gas) in the region. In making this decision, the Commission recognizes the inherent uncertainty in determining how HQ Production will develop and operate hydroelectric facilities over the next 20 years and beyond; thus, the levels of incremental hydroelectric generation and GHG reductions resulting from the NECEC cannot be precisely determined.³⁶

In support of this conclusion, the Commission observes the representations made by Hydro-Québec in Kelly-004-001 that it was a lack of transmission that resulted in the spilling of a substantial amount TWh in 2017 and 2018 (4.5 TWh worth of energy in 2017 and 10.4 TWh worth of energy in in 2018). Hydro-Québec represented, further, that, “without additional transmission export capability,” a comparable amount of water will be spilled in future years. *Id.* This conclusion is supported by both the Daymark and LEI analyses, as well as through LEI’s testimony stating that HQ Production has surplus capacity and the NECEC will provide a means to sell that surplus capacity into New England. CMP Exh. NECEC-5 at 4; LEI Report at 12; Hearing Tr. at 127-128 (October 19, 2018). The Daymark and LEI testimony, thus, corroborate the Hydro-Québec statements in this regard.

³⁵ Corrected Fowler and Bodell Supp. Test. at 53-54.

³⁶ Hydro-Québec did not seek to intervene or participate in this proceeding. The Commission notes that such participation would have been helpful in understanding its prior and near-term operations. However, the operations over 20- to 40-year period would have remained uncertain to a large degree.

Furthermore, HQ Production, as a rational economic actor, will seek to maximize profits, and therefore will use whatever water it has available to generate energy for the NECEC rather than using the NECEC to divert energy from existing markets into New England. In addition, the Commission agrees with CMP that HQ Production has systematically increased capacity and storage capability over time in response to market signals for more clean energy. Dickinson, Stinneford, and Escudero Reb. Test. at 30-35 and Figures 4 and 5; CMP Initial Br. at 107. Thus, the Commission finds that the generation imported into New England over the NECEC is likely to be incremental at least to a large degree, and not, in any significant way, be simply diverted from other markets.³⁷

With respect to Ms. Bodell's analysis that concluded that HQ Production's spillage was due to factors other than transmission availability, the Commission notes that it was based on one-year (2017) of data and did not account for numerous material factors regarding the actual available transmission capacity and market conditions that actually determine whether it would be economic for HQ Production to sell available additional energy into New England or some other export market. Hearing Tr. at 55-83 (Jan. 8, 2019).

Further, the Commission notes that, because the PPAs between HQUS and the MA EDCs are firm contracts, that, except for a *force majeure* or transmission outage, HQUS is required to sell and deliver the specified amounts of energy. If it fails to do so, it will incur significant financial consequences for failure to perform. The PPAs do not permit HQUS to choose non-performance for economic reasons (*i.e.*, to sell available energy into an adjoining spot market in one or more hours in which the spot price in the market exceeds the PPA price for the Products) and to then cure the resulting delivery shortfall at a later time. Moreover, a willful breach of the PPAs would subject HQUS to substantial termination payments being owed to both the MA EDCs and CMP, and would also result in substantial reputational damage to HQUS, and its parent Hydro-Québec, that would hinder future business relationships with current and prospective purchasers of hydropower generation in the region.

Therefore, because the Commission finds that the NECEC will result in incremental hydroelectric generation, it follows that the Project will also provide GHG emissions reduction benefits in the region. As noted above, the expert analyses provided in the record in this proceeding indicates that the GHG emission reductions in the region resulting from the NECEC would be in the range of approximately 3.0 to 3.6 million metric tons per year, which as noted above, is equivalent to removing approximately 700,000 passenger vehicles from the road.

2. Renewable Generation Development in Maine

³⁷ The Commission notes that, even if significant power were to be diverted from New York, that State's renewable energy power policies goals would likely limit to a large degree replacement of the power with fossil fuels. CLF-002-003.

a. Positions of the Parties

NextEra, RENEW, and NRCM argue that the NECEC will prevent the development of renewable energy generation in western Maine. NextEra Initial Br. at 16-19; RENEW Initial Br. at 4-6; NRCM Initial Br. at 8-9. Specifically, these parties argue that, in the event that CMP constructs the Surowiec-South interface upgrades as required, and the NECEC proceeds, the Project will “use up” the existing “headroom” at that interface to the detriment of future Maine-based renewable projects. For this reason, RENEW suggests that the Commission condition issuance of a CPCN for the NECEC on limiting the amount of import capacity that it can seek to qualify in the FCM so as not to disadvantage Maine-based renewable generation development. RENEW Initial Br. at 2-6.

NextEra argues that if the NECEC was constructed as an AC transmission facility rather than a DC facility, the NECEC would be congruent with Maine’s renewable energy generation goals. NextEra Initial Br. at 34-38. NextEra also argues that, if the NECEC were an AC facility, Maine-based solar and wind projects could use the line by buying transmission rights from HQUS for the 110 MWs of unused transmission in years 1-40 and 1,090 MWs of unused transmission in years 21-40. *Id.*

CMP argues that that the NECEC will have no impact on renewable generation ahead of it in the interconnection queue and that there is no record evidence to support the claims that the NECEC will impede the development of renewable generation projects that are behind it in the interconnection queue. CMP Initial Br. at 116-122; CMP Reply Br. at 47-54. CMP states, that in fact, the NECEC’s transmission system upgrades will likely render it cheaper for renewable generation in western and northern Maine to interconnect to the regional transmission grid, which is an additional benefit to generation developers. *Id.* In response to NextEra’s argument that a significant portion of the NECEC should be HVAC transmission, CMP states that the use of additional HVAC transmission would result in: (1) the use of larger, unsightly transmission structures; (2) a more expensive project; and (3) higher transmission losses. CMP Reply Br. at 57-59.

b. Discussion

In Section V(A) above, the Commission discusses the impact of the NECEC on existing Maine generators, as well as on the development of new generation facilities in Maine. In that section, the Commission finds little merit to the concerns that the NECEC would frustrate Maine-based renewable energy development by absorbing “headroom” on the transmission system. Accordingly, the Commission concludes that NECEC will not hinder Maine in making progress towards meeting its statutory renewable portfolio requirements and the goals under the Maine Wind Energy Act and Maine Solar Energy Act.

The Commission agrees with CMP that the NECEC will have no impact on any proposed renewable generation projects in Maine with a better interconnection queue

position. As noted above, there are currently more than 750 MW of renewable capacity in Maine ahead of the NECEC in the queue. For projects that are behind NECEC in the queue or are not yet in the queue, whether these projects move forward depends on numerous factors, including the results of ISO-NE's planning studies, the economic viability of each project, and the availability of PPAs that may be necessary for the financing of such projects.

The Commission notes that the NECEC could facilitate renewable generation in Maine in that it will provide for additional transfer capacity at no cost to future generation developers if, as argued by several parties, the NECEC does not qualify in the FCM, or qualifies less than 1,200 MW.

In addition, as described in Section II(C) above, the NECEC requires construction of several reinforcements to the transmission system south of Larrabee Road, including a parallel 345 kV line between the Coopers Mills Road Substation and the Maine Yankee Substation. The ISO-NE has identified certain of these upgrades, including the new Coopers Mills line, as necessary to the interconnection of new renewable generation in western and northern Maine.³⁸ Because the costs of these reinforcements will be borne by the NECEC, future renewable generation projects may benefit from the fact that they already exist at the time their projects seek to interconnect.

For these reasons, the Commission rejects RENEW's suggestion that the Commission limit the amount of NECEC-enabled capacity for participation in the capacity market and "reserve" that amount for certain generation types or projects. Such a condition would not be in the public interest and would be contrary to the first-come, first-served design of the ISO-NE interconnection queue and study process.³⁹

VI. REVIEW AND DISCUSSION OF STIPULATION

A. Stipulation Provisions

The major provisions of the Stipulation include the issuance of a CPCN for the NECEC and a set of "CPCN Conditions" that contains benefit provisions in various categories. Specifically, certain CPCN Condition provisions provide ratepayer protections against costs and financial risks associated with the Project or are intended

³⁸ CMP-010-006, Attachment 1 (2016/2017 Maine Resource Integration Study) at 3 (identifying a "second 345 kV Coopers Mills – Maine Yankee 302 line" as a shared requirement for interconnection of both the northern and western Maine clusters).

³⁹ CMP argues that a condition that an amount of NECEC-enabled capacity eligible for participation in the capacity market be "reserved" for other generation projects is preempted by federal law in that the Federal Power Act vests in FERC "exclusive jurisdiction over wholesale sales of electricity in the interstate market." Because the Commission finds that such a condition would not be in the public interest, it need not address the preemption issue.

Figure VI.2

NECEC Stipulation Benefits			
Item	Timing	Total Nominal (\$ millions)	Present Value (\$ millions)
Ratepayer Benefits			
Rate Relief Fund	2023-2062	\$ 140.000	\$ 28.575
Transmission Credit	July 1, 2019	\$ 1.005	\$ 1.005
Low Income Customer Benefits			
Low Income Fund	2023-2062	\$ 50.000	\$ 10.205
Community and State-wide Benefits			
Broadband Benefits	2023-2027	\$ 15.000	\$ 9.295
Heat Pump Benefit	2023-2030	\$ 15.000	\$ 7.762
Host Community Benefits	2023-2030	\$ 5.000	\$ 2.367
EV Benefits	2021-2028	\$ 15.050	\$ 9.319
Education Grants	2019-2032	\$ 6.000	\$ 3.289
NTA Study	Unknown	\$ -	\$ -
Regional Decarbonization Planning	Unknown	\$ -	\$ -
Securitization	Unknown	\$ 1.000	\$ -
Environmental Attributes	2023-2062	\$ -	\$ -

VII. CONCLUSION

For the reasons discussed in this Order, the Commission concludes that the benefits from the development and operation of the NECEC to Maine ratepayers and citizens significantly outweigh the costs and detriments of the Project. In addition, the Commission concludes that the Stipulation, filed in this proceeding on February 21, 2019, provides significant additional benefits to Maine. Accordingly, the Commission concludes that: (1) the NECEC meets the public need and public interest standards required by Title 35-A, Section 3132; and (2) the Stipulation filed in this proceeding on February 21, 2019 satisfies the stipulation approval criteria contained in Chapter 110, Section 8(D)(7) of the Commission rules.

Accordingly, the Commission

ORDERS

1. That Central Maine Power Company is, hereby, granted a Certificate of Public Convenience and Necessity for the New England Clean Energy Connect. Specifically, the Certificate of Public Convenience and Necessity applies to the construction of the transmission lines and

substation components listed in Section II(A) of this Order, and any related additional transmission facilities that ISO-NE determines are necessary to meet the requirements of (i) Section I.3.9 of the ISO-NE's Transmission, Markets and Services Tariff or (ii) the ISO-NE's CCIS, all at no cost to Maine electricity customers;

2. That the Stipulation, filed in this proceeding on February 21, 2019, and attached to this Order, is hereby approved;
3. That, beginning on July 1, 2019, and every 6 months thereafter, until the New England Clean Energy Connect is placed into commercial operation, NECEC LLC will file progress reports with the Commission summarizing any significant developments in the permitting, development and construction of the NECEC;
4. That, beginning on July 1, 2019, and every six months thereafter, Central Maine Power Company and NECEC LLC will file compliance reports detailing the activities and provision of benefits required by the Terms of the February 21, 2019 Stipulation;
5. That, on or before July 1, 2019, Central Maine Power Company shall file a proposal for: (1) tracking and reporting to the Commission, on an annual basis, the property tax revenues paid by the NECEC LLC during the construction phase of the Project and during the first 10 years of its commercial operation. Such information shall include the: (1) estimated tax revenue by municipality provided by Central Maine Power Company in this proceeding; (2) a description of the New England Clean Energy Connect facilities located in each municipality; (3) the amount of property taxes for the New England Clean Energy Connect facilities paid to each of those municipalities and townships for the tax year in question; and (4) an explanation for any differences between item (1) and item (3);
6. That, beginning on July 1, 2019 and concluding with the commercial operations of the New England Clean Energy Connect, Central Maine Power Company and NECEC LLC shall provide annual reports to the Commission detailing its ongoing outreach and communications with the host communities regarding: (1) fire and medical support issues in comparable rural areas of its system; and (2) plans to address fire and medical support issues related to the construction and operation of the New England Clean Energy Connect; and
7. That, Central Maine Power Company shall file: (1) a petition for reorganization approval, pursuant to Title 35-A, Section 708, to authorize the establishment of the NECEC LLC; and (2) a petition for approval for affiliate transactions, pursuant to Title 35-A, Section 707, related to the development and operations of the New England Clean Energy Connect.

Dated at Hallowell, Maine, this 3rd day of May, 2019.

/s/ Harry Lanphear
Harry Lanphear
Administrative Director

COMMISSIONERS VOTING FOR: Vannoy
Williamson (See Separate Concurring Opinion)
Davis

Thorn Dickinson

**Exhibit
NECEC LLC-1-C
(NECEC I Stipulation)**

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2017-00232

February 21, 2019

CENTRAL MAINE POWER COMPANY,
Request for Approval of CPCN for the New
England Clean Energy Connect Consisting
of the Construction of a 1,200 MW HVDC
Transmission Line from the Québec-Maine
Border to Lewiston (NECEC) and Related
Network Upgrades

STIPULATION

STIPULATION

Table of Contents

I.	PURPOSE	1
II.	PROCEDURAL BACKGROUND	3
	A. CMP’s Response To The Section 83D RFP	3
	B. CPCN Petition	4
	C. Intervenors	5
	D. Intervenor Testimony, Updates Regarding the Status of the NECEC RFP Bid and London Economics International Report	6
	E. CMP Rebuttal Testimony	8
	F. Surrebuttal Testimony, Additional LEI Analysis and CMP Visual Renderings	9
	G. Hearings – Phase I	9
	H. Supplemental Testimony and Additional Visual Renderings	10
	I. Discovery and Public Comment	10
	J. Hearings – Phase 2	11
III.	RECORD	12
IV.	PARTIES AND SETTLEMENT PROCESS	13
V.	RECOMMENDED APPROVALS AND FINDINGS	14
	A. Certificate of Public Convenience and Necessity	14
	B. CPCN Conditions	15
	1. NECEC Project Ownership	16
	2. Transmission Rates Customer Credit:	20
	3. New Corridor Removed from Transmission Rates	20
	4. NECEC Low-Income Customer Benefits Fund	21
	5. NECEC Rate Relief Fund	22
	6. Broadband Benefit	23
	7. Heat Pump Benefit	24
	8. NECEC Electric Vehicle (“EV”) Funds	25
	9. Franklin County Host Community Benefits	27
	10. Education Grant Funding	28
	11. Mitigating NECEC’s Impacts on Transmission System and Existing and Future Maine Energy Resources	29

12.	Commitment to Long-term Planning for Regional Decarbonization	32
13.	Securitization	33
14.	HQUS Support Agreement	34
15.	Maine Workers Preference	36
16.	Funding Commitments Conditions Precedent.	36
C.	Nontransmission Alternatives Findings.....	36
VI.	ADDITIONAL STIPULATION TERMS	36

ATTACHMENTS

Attachment A: NECEC Transmission Facilities

Attachment B: NECEC Transfer Agreement

Central Maine Power Company (“CMP” or the “Company”), the Maine Office of the Public Advocate (the “OPA”), the Governor’s Energy Office, Industrial Energy Consumer Group (the “IECG”), Conservation Law Foundation (“CLF”), Acadia Center, Western Mountains & Rivers Corporation (“WMRC”), City of Lewiston, Maine State Chamber of Commerce (“Chamber”), and International Brotherhood of Electrical Workers (“IBEW”)¹ (collectively referred to as the “Stipulating Parties”) agree and stipulate as follows:

I. PURPOSE

The purpose of this Stipulation is to achieve an agreed upon resolution of CMP’s Petition for Certificate of Public Convenience and Necessity (“CPCN”) for the New England Clean Energy Connect transmission project (“NECEC” or the “Project”). The Stipulating Parties agree that a “public need” exists for the NECEC as specifically described in Section IV.A, Paragraph 1 below and listed in **Attachment A** under Maine law, including 35-A M.R.S. § 3132 and Chapter 330 of the Commission’s Rules and, therefore, the Commission should grant a CPCN for the Project in accordance with the terms and conditions provided in this Stipulation.

The Stipulating Parties further agree that the construction of the NECEC in accordance with the terms and conditions set forth in this Stipulation is in the public interest because the Project and the hydropower it will deliver from Québec to New England will provide, at no cost to Maine electricity customers, (i) lower electricity supply prices and, by reducing reliance on fossil fuel generation, material energy price protection

¹ Additional parties including the Town of Wilton and the Town of Farmington are still considering whether to join the Stipulation. If they do join, the Stipulating Parties will supplement the Stipulation with additional signature pages from the joining parties.

in natural gas price spike events; (ii) increased reliability for Maine and the ISO-New England (“ISO-NE”) region, by delivering baseload energy to replace retiring baseload resources, as well as other reliability benefits associated with the NECEC’s providing an additional intertie between ISO-NE and Québec and transmission system upgrades associated with the NECEC; (iii) significant carbon dioxide emission reductions as a result of the Project including the increased use of electric vehicle and heat pump programs in Maine, among others, funded pursuant to this Stipulation, which advance Maine’s progress toward its long-term greenhouse gas (“GHG”) emissions reductions goals; and (iv) significant other benefits including a rate relief fund, a low-income customer benefits fund, and a broadband benefits fund, among other benefits.

The Stipulating Parties recognize that there are additional benefits to Maine associated with the NECEC memorialized in agreements in addition to this Stipulation. In addition, the Stipulating Parties also recognize that the environmental impacts of the Project will be determined by agencies other than the Commission including but not limited to the Maine Department of Environmental Protection (“MDEP”), the Maine Land Use Planning Commission (“LUPC”), and the United States Army Corps of Engineers (“USACE”).

This Stipulation is the result of extensive settlement negotiations and discussions among CMP, the other Stipulating Parties, and Commission Staff. The Stipulating Parties recommend that the Commission approve the provisions as set forth below.

The provisions agreed to in this Stipulation have been reached as a result of fair, open, and transparent settlement negotiations based on information presented in this proceeding and gathered through discovery and discussions among CMP and the

intervening parties, including the Stipulating Parties, and Commission Staff.² The Stipulating Parties represent a broad spectrum of interests and constitute many of the active participants in the proceeding.

II. PROCEDURAL BACKGROUND

The procedural history of this proceeding is presented below.

A. CMP's Response To The Section 83D RFP

1. On March 31, 2017, the Massachusetts electric distribution companies (the "Massachusetts EDCs"), in coordination with the Massachusetts Department of Energy Resources ("MA DOER"), issued the Section 83D RFP, requesting proposals from clean energy generation³ and associated transmission to enter into contracts of 15 to 20 years duration with the Massachusetts EDCs to meet Massachusetts' statutorily required annual procurement of 9.45 TWh (the "Section 83D RFP" or the "RFP"). The RFP set a July 27, 2017, deadline for parties to submit bid proposals.

2. On July 27, 2017, CMP and Hydro Renewable Energy, Inc. ("HRE"),⁴ submitted joint bids offering two different NECEC configurations.⁵ Under the terms of the

² The Commission Staff indicated as part of the settlement process that it takes no position on the Stipulation and will present its recommended decision on the issues presented in this proceeding and on the Stipulation in an Examiners' Report.

³ Under the terms of the RFP, "Clean Energy Generation" includes the following: (i) firm service hydroelectric generation from hydroelectric generation alone; (ii) new Massachusetts Class I RPS eligible resources that are firm up with firm service hydroelectric generation; and (iii) new Massachusetts Class I RPS eligible resources.

⁴ HRE was proposed as a new U.S. affiliate of Hydro-Québec created for purposes of the Section 83D RFP. Ultimately, Hydro-Québec decided to have its existing U.S. affiliate, H.Q. Energy Services (U.S.), Inc. ("HQUS") serve as the counterparty for the NECEC PPAs and TSAs. Hereinafter HRE is referred to as HQUS.

⁵ The joint bids proposed either (1) 1,090 MW of Incremental Hydropower Generation provided by HQ Production or (2) 300 MW of new Massachusetts Class I Renewable Portfolio Standard ("RPS") eligible wind generation resources to be constructed by the NECEC Wind Developer firm up with Incremental Hydropower Generation provided by Hydro-Québec Production, the business unit within Hydro-Québec

RFP and the Massachusetts Energy Diversity Act, winning bids recover supply costs from the Massachusetts EDCs through long-term power purchase agreements (“PPAs”) and, as applicable, transmission-related costs through FERC-approved transmission service agreements (“TSAs”).⁶

B. CPCN Petition

3. On September 27, 2017, CMP filed the Petition and associated Exhibits NECEC-1 through NECEC-15 requesting that the Commission issue a CPCN for the NECEC.

The Petition asserted, among other things:

- a. The NECEC is a high voltage direct current (“HVDC”) transmission line capable of delivering 1,200 MW of electricity from Québec, Canada to the New England Control Area, and consisting in its entirety of (1) 207 miles (145.3 miles in Maine) of +/- 320 kV overhead HVDC transmission line that will run between the existing Appalaches Substation in Thetford Mines, Québec and a new HVDC converter station approximately 1.6 miles from the existing CMP Larrabee Road Substation in Lewiston, Maine; (2) new HVDC converter stations at both ends of the line; and (3) certain upgrades to the existing high voltage alternating current (“AC”) New England transmission system necessary to permit the interconnection of the NECEC to the New England Control Area at the existing Larrabee Road Substation consistent with the requirements of Section I.3.9 of the ISO-NE Transmission, Markets and Services Tariff (hereinafter referred to as Section I.3.9 Approval) and the Capacity Capability Interconnection Standard (“CCIS”) of the ISO-NE Open Access Transmission Tariff (“OATT”);
- b. CMP would develop, construct, and operate the NECEC transmission facilities located in Maine;

(footnote cont'd)

responsible for the production and marketing of wholesale energy and capacity for export (hereinafter “HQ Production”) and 790 MW of Incremental Hydropower Generation provided by HQ Production, and transmission rights for the remaining 110 MW of transmission capacity to use on a merchant basis. *See* Petition at 2.

⁶ M.G.L. ch. 169 § 83D (2016); Section 83D RFP at 2-3.

- c. The NECEC constitutes the transmission component of the two joint bids for clean energy generation and associated transmission submitted by CMP and HQUS, in response to the RFP;⁷ and
- d. The NECEC would allow HQUS to use 1,090 MW of NECEC's transmission capacity to annually deliver up to 9.4 TWh of clean energy generation originating from hydropower generation facilities owned and operated by Hydro-Québec Production ("HQ Production"). The Petition also stated that HQUS had agreed to purchase transmission rights for the remaining 110 MW of transmission capacity on the Project to use on a merchant basis.

C. Intervenor

4. On October 3, 2017, the Hearing Examiners issued a Notice of Proceeding that provided all interested persons with the opportunity to file a petition to intervene in this matter on or before October 13, 2017.

5. The Commission received seven timely-filed petitions to intervene. The Hearing Examiners granted all such petitions at the October 19, 2017 initial case conference and by subsequent procedural order dated October 25, 2017. The intervenors in this proceeding that filed timely petitions to intervene include: OPA, CLF, Ms. Dorothy Kelly ("Dot Kelly"), IECG, Maine Renewable Energy Association, Natural Resources Council of Maine ("NRCM"), and WMRC.

6. The Commission also received numerous late-filed petitions to intervene. The Hearing Examiners granted all such requests for intervention on either a mandatory or discretionary basis by procedural orders dated November 27, 2017; March 28, 2018; April 27, 2018; August 28, 2018; September 6, 2018; October 2, 2018; October 11, 2018;

⁷ The Petition described the two different joint-bids that were submitted as different configurations of the NECEC Project. The first bid was a Hydro and Wind Solution, and the second bid was a 100% Hydro Solution. As discussed below, the Massachusetts EDCs, in consultation with the MA DOER, selected the NECEC 100% Hydro Solution as the lone winning bid in the RFP. Accordingly, this summary hereinafter only refers to the 100% Hydro Solution bid.

October 15, 2018; and October 29, 2018. The intervenors in this proceeding that submitted late-filed petitions to intervene include: The Governor’s Energy Office, NextEra Energy Resources (“NextEra”), RENEW Northeast, Inc. (“RENEW”); Calpine Corporation (“Calpine”), Vistra Energy Corporation (formerly known as Dynegy Inc.) (“Vistra”), and Bucksport Generation LLC (“Bucksport”) (Calpine, Vistra and Bucksport hereinafter collectively referred to as the “Generator Intervenors”); Acadia Center; Friends of Maine Mountains; ReEnergy Biomass Operations LLC (“ReEnergy”); IBEW; City of Lewiston; Town of Caratunk; Town of Farmington; Greater Franklin Development Council; Maine State Chamber of Commerce; Trout Unlimited; Senator Thomas Saviello; Mr. Darryl Wood; Town of Alna; Town of Wilton; Town of New Sharon; Town of Jackman; Old Canada Road Scenic Byway, Inc.; and Franklin County Commissioner Terry Brann. In all instances in which the Hearing Examiners granted a late-filed petition to intervene on a discretionary basis, intervention was conditioned on the party’s “taking the case as they find it with respect to discovery.”⁸

D. Intervenor Testimony, Updates Regarding the Status of the NECEC RFP Bid and London Economics International Report

7. On January 12, 2018, CMP supplemented its Petition by submitting an Electric and Magnetic Fields (“EMF”) Study for the NECEC, prepared by Dr. William Bailey of Exponent. Dr. Bailey’s report was submitted as Exhibit NECEC-16.

8. On January 26, 2018, Dot Kelly submitted intervenor testimony.

9. On January 31, 2018, the Hearing Examiners issued a procedural order temporarily suspending the proceeding on the basis that the Massachusetts EDCs did not

⁸ See, e.g., Procedural Order – Granting Late-Filed Petitions to Intervene at 1-2 (Oct. 29, 2018).

initially select NECEC as the Section 83D RFP winning bid. In that same order, the Hearing Examiners sought comments from the parties on whether to dismiss or suspend the proceeding.

10. On February 17, 2018, CMP submitted a letter informing the Commission that the Massachusetts EDCs, in consultation with the MA DOER, had selected the NECEC 100% Hydro Solution as the alternative winning bid in the RFP, and that the Massachusetts EDCs would move forward with the 100% Hydro Solution, provided that the NECEC had negotiated acceptable contract terms with the Massachusetts EDCs and the Northern Pass Hydro Project was not able to receive all necessary permitting from the New Hampshire Site Evaluation Committee by March 27, 2018.

11. On February 22, 2018, the Hearing Examiners issued a procedural order that lifted the temporary suspension and resumed the proceeding.

12. On March 28, 2018, CMP filed an additional letter informing the Commission of the MA DOER announcement that the Massachusetts EDCs had terminated the conditional selection of the Northern Pass Hydro Project as the Section 83D RFP winning bid, leaving the NECEC 100% Hydro Solution as the lone winning bid in the RFP. On that same day, the Hearing Examiners issued a procedural order setting a revised schedule for the remainder of the case through hearings.

13. On April 1, 2018, Dot Kelly submitted additional intervenor testimony.

14. On April 30, 2018, as permitted by the March 28, 2018 Procedural Order, the Generator Intervenors submitted direct intervenor testimony from Tanya L. Bodell, William S. Fowler, and James M. Speyer. In addition NextEra submitted intervenor

testimony from Christopher Russo and Stephen Whitley, and RENEW submitted intervenor testimony from Francis Pullaro.

15. On May 21, 2018, Commission Staff filed a report prepared by the Commission’s consultants, London Economics International LLC (“LEI”) entitled “Independent Analysis of Electricity Market and Macroeconomic Benefits of the New England Clean Energy Connect Project” (“LEI Report”). The LEI report was filed in lieu of a bench analysis.⁹

16. On June 13, 2018, the Massachusetts EDCs executed long-term TSAs and PPAs with CMP and HQUS respectively for the NECEC 100% Hydro Solution proposal.

E. CMP Rebuttal Testimony

17. On July 13, 2018, CMP filed Rebuttal Testimony from (1) Thorn Dickinson, Eric Stinneford, and Bernardo Escudero with associated Exhibits NECEC-16 through NECEC-26; (2) Chris Malone, Scott Hodgdon, and Justin Tribbet with associated Exhibits NECEC-27 through NECEC-30; and (3) Daniel Peaco, Douglas Smith, and Jeffrey Bower of Daymark Energy Advisors with associated Exhibit NECEC-31.¹⁰

⁹ Procedural Order – Clarification at 1 (May 24, 2018).

¹⁰ The TSAs that CMP executed with the Massachusetts EDCs are filed in the record as Exhibits NECEC-17 (Eversource TSA), NECEC-18 (National Grid TSA), and NECEC-19 (Unitil TSA). The additional TSAs that CMP executed with HQUS for the period after the TSAs with the EDCs expire and for the 110 MW that the EDCs did not contract for, are filed in the record as Exhibits NECEC-20 through NECEC-23. The executed PPAs are filed in the record as Exhibit NECEC-16 (National Grid PPA), and NEXRE-002-006 Attachment 1 (Eversource PPA) and Attachment 2 (Unitil PPA). On July 24, 2018, CMP submitted public versions of Exhibits NECEC-17 through NECEC-20 upon learning that the Massachusetts EDCs had publicly filed the same documents in ongoing proceedings before the Massachusetts Department of Public Utilities. On October 5, 2018, CMP filed corrected public versions of Exhibit NECEC-18 (National Grid TSA) and Exhibit NECEC-19 (Unitil TSA), known as Revised Supplemental Exhibit NECEC-18 and Revised Supplemental Exhibit NECEC-19, respectively.

F. Surrebuttal Testimony, Additional LEI Analysis and CMP Visual Renderings

18. On August 18, 2018, Tanya L. Bodell and William S. Fowler each filed Surrebuttal Testimony on behalf of the Generator Intervenors. Also on August 18, 2018, the following witnesses filed Surrebuttal Testimony on behalf of NextEra: (1) Christopher Russo; (2) Robert Stoddard; and (3) Stephen Whitley, Dan Mayers, and Francis Wang.

19. On September 10, 2018, in response to Mr. Stoddard's Surrebuttal Testimony on behalf of NextEra regarding the Minimum Offer Price Rule ("MOPR"), Commission Staff submitted a memorandum prepared by LEI entitled "MOPR Estimate for the New England Clean Energy Connect Transmission Project" and attached workbook ("LEI MOPR Memo"). Additional exhibits to the LEI MOPR Memo were filed by Commission Staff on September 19, 2018.

20. On September 18, 2018, in response to a request by Commission Staff, CMP filed visual rendering materials for the NECEC transmission line that the Company had previously filed with the MDEP.

21. On October 12, 2018, CMP filed the visual rendering slide deck and supplemental visual renderings that the Company referred to in the September 21, 2018 technical conference.

G. Hearings – Phase I

22. The Commission held evidentiary hearings regarding the NECEC on October 19, 2018 (LEI) and on October 22, 2018 (CMP witnesses Malone, Hodgdon, and Tribbet and NextEra witnesses Whitley, Wang, and Mayer).

23. On October 26, 2018, at the request of NextEra supported by other intervening parties, the Hearing Examiners suspended the remaining evidentiary hearings

until January 2019 in order to allow Commission Staff and intervening parties additional time to review and analyze the documents that CMP produced in response to ODR-014-004.¹¹

H. Supplemental Testimony and Additional Visual Renderings

24. On December 10, 2018, the Generator Intervenors filed Supplemental Testimony from Tanya Bodell and William Fowler regarding the MOPR analysis and other issues. NextEra also filed Supplemental Testimony from Christopher Russo and LEI filed a Supplemental MOPR Memo.

25. On that same day, at the request of Commission Staff, CMP filed additional visual renderings and visual impact documents that it had filed with the MDEP, LUPC and the USACE a few days prior.

I. Discovery and Public Comment

26. Written discovery was conducted and technical conferences were held after every phase of testimony, with the exception of the LEI MOPR Memo submitted by Commission Staff, which was only subject to a technical conference. Collectively, the parties and LEI responded to 58 sets of data requests and 33 sets of oral data requests, each containing multiple individual data requests. CMP, alone, responded to more than 600 data requests during the discovery process.

27. On September 12, 2018, CMP began data production in response to Commission Staff's follow-up questions to ODR-014-004. In total, CMP filed over 97,000

¹¹ ODR-014-004 included an initial data request and a series of follow-up questions from Commission Staff that sought all documents relied upon by the primary decision makers and senior management personnel of CMP or any of its affiliates when making the decision to submit the NECEC RFP proposal.

pages of documents in 18 data production rounds that occurred from September 12, 2018 through December 4, 2018.

28. The Hearing Examiners held 17 days of technical conferences throughout this proceeding on the following dates: November 28, 2017 (CMP testimony regarding the Petition); December 11, 2017 (CMP testimony regarding the Petition); April 5, 2018 (CMP testimony regarding the Petition); June 14, 19, 20, and 28, 2018 (Intervenor and LEI testimony); August 1 and 2, 2018 (CMP testimony regarding Rebuttal); September 6, 7, and 14, 2018 (Intervenor testimony regarding Surrebuttal); September 19, 2018 (LEI testimony regarding the MOPR Memo); September 21, 2018 (CMP testimony regarding the Visual Renderings); November 28 and 30, 2018 (CMP testimony regarding the ODR-014-004 Documents); and December 19, 2018 (Intervenor and LEI Supplemental Testimony).

29. The Commission convened three public witness hearings, each of which was noticed in advance by procedural order. The Commission held the first two public witness hearings on September 14, 2018 in Farmington and The Forks Plantation. The Commission held the third public witness hearing on October 17, 2018 at the Commission's offices in Hallowell. In total, the Commission heard approximately 14 hours of public comment and approximately 89 people provided oral and/or written testimony during the public witness hearings.

30. To date, approximately 1,000 public comments have been filed in the Commission's case management system in this docket.

J. Hearings - Phase 2

31. The Commission held the remaining evidentiary hearings on January 8, 2019 (Generator Intervenor witnesses Bodell and Speyer); January 9, 2019 (CMP witnesses

Dickinson, Stinneford and Escudero); January 10, 2019 (CMP witnesses Malone, Hodgdon and Tribbet, and Daymark witnesses Peaco, Smith and Bower); and January 11, 2019 (NextEra witnesses Russo and Stoddard; and Generator Intervenor witnesses Bodell and Fowler).

32. On January 14, 2019, the Hearing Examiners issued an order identifying specific issues for the parties to address in post-hearing briefs.

33. On January 19, 2019, the Hearing Examiners extended the deadline for opening post-hearing briefs to February 1, 2019, and similarly revised the remainder of the proceeding by extending each subsequent deadline by 7 days.

34. On February 1, 2019, CMP, OPA, IECG, Generator Intervenors, NextEra, CLF, NRCM, Acadia Center, Town of Caratunk, City of Lewiston, IBEW, Chamber, Dot Kelly, RENEW, and WMRC filed opening briefs and on February 13, 2019, CMP, OPA, IECG, Generator Intervenors, NextEra, Town of Caratunk, and Dot Kelly filed reply briefs.

III. RECORD

The record in this proceeding provides ample information on which the Stipulating Parties and the Commission may base their conclusions regarding the NECEC and this Stipulation. These materials include:

- CMP's Petition for CPCN, CMP's Rebuttal Testimony and all supporting exhibits and materials;
- Intervenor Direct, Surrebuttal, and Supplemental testimony submitted by intervening parties and supporting exhibits and materials;
- The May 21, 2018, September 10, 2018 and December 10, 2018 LEI reports;
- Responses to written and oral data requests and attachments to such responses that have been admitted into the record pursuant to the Procedural Orders dated October 24, 2018, February 4, 2019, and February 5, 2019;

- Transcripts of all technical conferences, public witness hearings and evidentiary hearings; and
- Post-hearing briefs and reply briefs.

IV. PARTIES AND SETTLEMENT PROCESS

To accept a stipulation, the Commission must find that:

- a. The Parties joining the stipulation represent a sufficiently broad spectrum of interests that the Commission can be sure that there is no appearance or reality of disenfranchisement;
- b. The process that led to the stipulation was fair to all parties;
- c. The stipulated result is reasonable and is not contrary to legislative mandate; and
- d. The overall stipulated result is in the public interest.¹²

The undersigned Stipulating Parties believe that each of these factors is satisfied through this Stipulation. The parties joining this Stipulation represent a broad spectrum of interests and many of the active participants in this proceeding.

The process that achieved this Stipulation was fair to all intervening parties, and all intervening parties had the opportunity to participate. CMP engaged in extensive settlement communications with numerous intervening parties and other interested stakeholders throughout the pendency of this proceeding. In addition, formal settlement conferences, noticed in advance by procedural order, were held on September 7, 2018, September 14, 2018, February 5, 2019, and February 12, 2019. Commission Staff participated in these settlement conferences, and no party objected to such participation.

¹² Chapter 110, § 8(D)(7).

As a result of these settlement discussions, the Stipulating Parties have resolved all issues between them in this proceeding, Commission Docket No. 2017-00232.

V. RECOMMENDED APPROVALS AND FINDINGS.

A. Certificate of Public Convenience and Necessity

1. Based upon the record in this case, the Stipulating Parties agree and recommend that the Commission issue an order which: (a) approves, accepts and adopts this Stipulation; (b) finds that a public need exists for the NECEC on the basis that the Project, including the hydropower deliveries from Québec to New England it will enable, provides (i) significant economic benefits for Maine and the ISO-NE region in the form of lower electricity supply prices, reduced reliance on fossil fuel generation, material energy price protection in natural gas price spike events, new jobs, increased gross domestic product, and property tax revenues to host communities in Maine; (ii) reliability benefits to Maine and the ISO-NE region, by delivering baseload hydropower to replace retiring baseload resources, as well as other reliability benefits associated with the NECEC's providing an additional inertia between ISO-NE and Québec and transmission system upgrades associated with the NECEC, all at no cost to Maine electricity customers; and (iii) significant carbon dioxide emission reductions as a result of the Project including the increased use of electric vehicle and heat pump programs in Maine, among others, funded pursuant to this Stipulation, which advance Maine's progress toward meeting its long-term GHG emissions reductions goals as set forth in Maine law;¹³ and (c) grants a CPCN for the

¹³ See Act to Provide Leadership in Addressing the Threat of Climate Change, P.L. 2003, Ch. 237, codified in the Maine Revised Statutes Title 38, Chapter 3-A.

NECEC permitting the construction of the Project in accordance with the terms of this Stipulation.

2. Specifically, the CPCN shall permit the construction of the transmission lines and substation components listed in **Attachment A** of this Stipulation, as either a core project element of the NECEC or a necessary transmission network upgrade associated with the NECEC, and shall further permit construction of any related additional transmission facilities that ISO-NE determines are necessary to meet the requirements of (i) Section I.3.9 of the ISO-NE's Transmission, Markets and Services Tariff; or (ii) the ISO-NE's CCIS, all at no cost to Maine electricity customers, without further Commission review in this docket or otherwise.

3. Beginning on July 1, 2019, and every three months thereafter until the NECEC is placed into commercial operation, NECEC LLC, as defined below, will file progress reports with the Commission summarizing any significant developments in the permitting, development and construction of the NECEC. These progress reports will (i) summarize the status of the system impact studies or other studies conducted by ISO-NE regarding the NECEC; (ii) identify all transmission network upgrades determined by ISO-NE as needed to permit the interconnection of the NECEC under the CCIS and Section I.3.9 of the ISO-NE Tariff; (iii) identify any federal, state or local permits or approvals received authorizing construction of the NECEC; and (iv) summarize the Project's progress towards completion.

B. CPCN Conditions

The Stipulating Parties further agree and recommend that the Commission Order granting the CPCN for the NECEC be conditioned on the following terms.

1. **NECEC Project Ownership:** CMP will transfer and convey the NECEC to NECEC Transmission LLC (“NECEC LLC”), a Delaware limited liability company that is a wholly owned subsidiary within the Avangrid Networks family of companies and is not a subsidiary of CMP.

a. **Transfer Agreement:** CMP and NECEC LLC will complete the transfer and conveyance of the NECEC in accordance with an agreement substantially in the form of the NECEC Transfer Agreement provided as **Attachment B** to this Stipulation. Under the terms of the NECEC Transfer Agreement, CMP will transfer and assign to NECEC LLC and NECEC LLC will assume:

- i. Certain real estate interests sufficient to construct and operate the High Voltage Direct Current (“HVDC”) transmission line between the Canada-United States border in Beattie Township, Maine and Lewiston, Maine together with land for the construction and operation of a converter station in Lewiston, Maine, together with real estate interests needed to construct and operate a 345 kV alternating current (“AC”) transmission line from the converter station to CMP’s substation at Larrabee Road, Lewiston, Maine, and together with certain land offered as compensatory mitigation for environmental permits related to the NECEC and the right to purchase additional land to access the converter station (the “Real Estate Interests”);
- ii. All land use permits, any outstanding land use permit applications, and other regulatory permits (the “Permits”) related to the NECEC;
- iii. The Transmission Service Agreements among CMP, the Massachusetts Electric Distribution Companies (“Massachusetts EDCs”) and H.Q. Energy Services (U.S.) Inc. (“HQUS”) (the “TSAs”);
- iv. All agreements executed by CMP with third party vendors and service providers in connection with the development and construction of the NECEC (“Third Party Vendor Agreements”) and certain agreements between CMP and HQUS, Hydro-Québec and WMRC (collectively the “Miscellaneous Agreements”); and
- v. Such other tangible and intangible assets related to the NECEC that CMP may possess including, without limitation, designs, plans and other work

product of CMP or vendors related to the NECEC, and intellectual property related to the NECEC (collectively, the “Related Assets”).

- b. NECEC Transfer Consideration: As consideration for the conveyance and transfer of the NECEC, including without limitation, the Real Estate Interests, the Permits, the TSAs, the Third Party Vendor Agreements, the Related Assets, and any goodwill of CMP related to the NECEC, NECEC LLC will pay CMP the sum total of **\$60,000,000**, payable in forty (40) equal installments of **\$1,500,000** each year commencing on the date the NECEC first achieves commercial operation (the “Commercial Operation Date” or “COD”) and continuing on each anniversary thereof. All payments by NECEC LLC to CMP under the NECEC Transfer Agreement will be disbursed by CMP as part of the NECEC Rate Relief Fund as set forth in Section V.B, Paragraph 5 below.
- c. CMP/NECEC LLC Service Agreement: Effective upon the transfer of the NECEC, CMP and NECEC LLC will enter into a service agreement substantially in the form of the Service Agreement provided as **Exhibit H** to the NECEC Transfer Agreement provided as **Attachment B** to Stipulation.
- d. Other NECEC Transfer Commitments:
 - i. CMP and NECEC LLC agree to complete the transfer of the NECEC before construction of the NECEC commences.
 - ii. NECEC LLC will not participate in any money pooling arrangement, credit facility or other financing agreement with CMP without the prior approval of the Commission.
 - iii. CMP and NECEC LLC will make such accounting entries as are necessary in order to remove NECEC related development expenses from CMP’s books and accounts.
 - iv. NECEC LLC will put in place and maintain a guaranty by AVANGRID, Inc., or its successor, with respect to NECEC LLC’s payment obligations to

CMP under the NECEC Transfer Agreement and NECEC LLC's payment obligations for the Heat Pump Fund (Section V.B, Paragraph 7), the Dirigo EV Fund (Section V.B., Paragraph 8(a)), the Franklin County Host Community Benefits Fund (Section V.B., Paragraph 9) and the Education Grant Funding (Section V.B., Paragraph 10) for as long as such payment obligations exist; provided, however, that such guaranty may be terminated in the event that NECEC LLC obtains and maintains a credit rating from a nationally recognized rating organization that is satisfactory to the Commission in its discretion. NECEC LLC also agrees to grant a first priority security interest to CMP in NECEC LLC's payment rights under the HQUS Support Agreement or related Hydro-Québec guaranty or other credit support discussed in Section V, Paragraph 14 below for the purpose of funding the NECEC Low-Income Customer Benefits Fund and the NECEC Rate Relief Fund. NECEC LLC further covenants not to amend, fail to vigorously enforce, or waive any provision of the HQUS Support Agreement or any guaranty provided by Hydro-Québec or other credit support relating to HQUS's obligations under the HQUS Support Agreement in a manner that could impair any payment obligation of either entity to NECEC LLC.

- v. NECEC LLC and CMP will cooperate in good faith to facilitate access to the use of the NECEC transmission corridor for ATV, snowmobile and other recreational uses, consistent with applicable laws, regulations, ordinances, permits and licenses and CMP's generally applicable standards and practices.
- vi. NECEC LLC will not use CMP's brand name, reputation or customer relations to its benefit and will not engage in joint marketing or joint advertising with CMP at any time.
- vii. Maine transmission and distribution customers shall not be legally or financially responsible for any portion of NECEC LLC's revenue requirement for the NECEC Transmission Project accruing during at least the first 40 years of the useful life of the NECEC.
- viii. CMP and NECEC LLC will not take or support any action to modify the cost recovery mechanism applicable to the NECEC that would result in Maine transmission and distribution customers being legally or financially responsible for any portion of NECEC LLC's revenue requirement for the NECEC accruing during the first 40 years of the useful life of the project, without first obtaining Commission approval for such change.
- ix. Notwithstanding the foregoing, this Stipulation shall not prohibit Maine electricity customers from directly, or through a third party such as the Maine transmission and distribution utilities as approved by the

Commission or a Maine competitive energy provider as approved by the Commission, purchasing energy provided through the 110 MW of the NECEC transmission capacity not contracted for by the Massachusetts EDCs pursuant to the Section 83D RFP even if that purchase has the effect of directly or indirectly paying for a portion of the revenue requirement for the NECEC.

- e. NECEC Network Upgrades: As part of the NECEC, upgrades to certain of CMP's existing transmission facilities will be necessary in order to permit the interconnection of the NECEC to the transmission system administered by ISO-NE in accordance with Section I.3.9 and the Capacity Capability Interconnection Standard ("CCIS") of the ISO-NE Open Access Transmission Tariff (the "ISO-NE Tariff") (the "Network Upgrades"). NECEC LLC agrees to complete all such Network Upgrades determined by ISO-NE through the necessary studies (currently underway and scheduled for completion in Q-3 2019) to be necessary under Section I.3.9 and the CCIS of the ISO-NE Tariff to ensure a total transfer capacity at the Surowiec-South Interface of no less than 2,600 MW. NECEC LLC shall be financially responsible for all costs associated with the construction of the Network Upgrades in accordance with applicable ISO-NE Tariff provisions. Upon completion, the Network Upgrades shall remain the property of CMP, and CMP will be responsible for the operation and maintenance of such transmission facilities. These facilities shall be subject to Section V.B., Paragraph 1(d)(v, vi and vii) above.
- f. Affiliate Transactions: CMP and NECEC LLC agree to obtain Commission approval of all affiliate transactions related to the transfer, construction, operation or maintenance of the NECEC requiring approval under Maine law, including, without limitation, any interconnection agreement and affiliate

service agreements between NECEC LLC and any affiliate within the Avangrid family of companies. Any amounts charged to NECEC LLC for services provided by affiliates, including the Avangrid Service Company, will not count towards any annual cap on total affiliate charges applicable to CMP and other Avangrid affiliates within Maine. NECEC LLC, CMP and other affiliates may share employees, directors, officers and information as necessary for the construction, operation and maintenance of the NECEC.

- g. **Compliance Filing:** Prior to the commencement of construction of the NECEC, CMP and NECEC LLC will make a compliance filing which confirms completion of the transfer of the NECEC from CMP to NECEC LLC in accordance with the terms of this Stipulation and provides the AVANGRID Inc. guaranty and first priority security interest called for in Section V.B. Paragraph 1(d)(iv) above.

2. **Transmission Rates Customer Credit:** Effective with the 2019 rate change for transmission customers, CMP will provide a rate credit for RNS and LNS transmission customers totaling **\$1.005 million**. This credit represents the amounts paid in rates by RNS and LNS transmission customers for those portions of the transmission corridor necessary for the NECEC that have been included in FERC Account 105 for Plant Held for Future Use, plus carrying costs calculated using the FERC refund formula. In addition, upon the issuance of the CPCN for the NECEC, CMP will remove on a going forward basis all NECEC-related property from FERC Account 105 – Plant Held for Future Use.

3. **New Corridor Removed from Transmission Rates:** Upon the issuance of the CPCN for the NECEC, CMP will classify the unused portion of the transmission corridor

it has assembled from the Canada-United States border in Beattie Township to the Company's existing Section 222 transmission corridor as Non-Operating Property in Account 121 of FERC's Uniform System of Accounts until such time as CMP identifies with sufficient clarity a specific transmission project for development in such transmission corridor in accordance with applicable FERC precedent, regulations and standards. CMP agrees that it will not seek to recover the cost of this unused portion of transmission corridor through transmission rates by reclassifying the property as Plant Held For Future Use in Account 105 of FERC's Uniform System of Accounts or by any other means, unless the transmission project that will use this corridor is otherwise eligible for rate recovery in whole or in part from Maine retail customers pursuant to the then applicable FERC-approved transmission tariff.

4. **NECEC Low-Income Customer Benefits Fund:** NECEC LLC will establish a **\$50,000,000** NECEC Low-Income Customer Benefits Fund to fund one or more programs that benefit low-income energy customers in Maine in a manner designated by the OPA, in consultation with the Efficiency Maine Trust ("EMT") and the Governor's designee(s). NECEC LLC will fund the NECEC Low-Income Customer Benefits Fund by making annual payments to the program(s) identified by the OPA, in consultation with the EMT and the Governor's designee(s), of **\$1,250,000** beginning on the NECEC COD and continuing on each anniversary thereof for a period of forty (40) years. The NECEC Low-Income Customer Benefits Fund may be used to fund programs that are intended to reduce the amounts that low-income customers expend for electricity or other sources of energy and may include weatherization and household energy efficiency programs. In designating uses for these funds, the OPA, in consultation with the EMT and the Governor's designee(s),

may apply a preference for low-income energy customers located in the NECEC Host Communities. For purposes of this Stipulation, the “NECEC Host Communities” are defined as the municipalities and communities in which the NECEC Core Project Elements and Network Upgrades as identified in **Attachment A** are located and other municipalities and communities in Franklin and Somerset Counties materially impacted by the construction and operation of the Project.

5. **NECEC Rate Relief Fund**: NECEC LLC and CMP will establish a **\$140,000,000** NECEC Rate Relief Fund to be used to provide per kilowatt hour rate relief for retail electricity customers within CMP’s service territory. To fund the NECEC Rate Relief Fund, CMP will contribute the annual **\$1,500,000** transfer payments to be received from NECEC LLC under Section V.B, Paragraph 1(b) above. In addition, NECEC LLC will make annual contributions to the NECEC Rate Relief Fund of **\$2,000,000** beginning on the NECEC COD and continuing on each anniversary thereof for a period of forty (40) years. In addition, using commercially reasonable efforts CMP will each year seek to sell or otherwise monetize for maximum value the Environmental Attributes provided by HQUS in accordance with NECEC Support Agreement discussed below and contribute those funds to the NECEC Rate Relief Fund. CMP will then credit the **\$3,500,000** contributed annually to the NECEC Rate Relief Fund plus the proceeds from the sales of the Environmental Attributes, net of expenses to complete such sales, to CMP’s stranded cost account or such other account as the Commission may determine in the future will provide comparable per kilowatt hour sharing by all retail electricity customer classes within CMP’s service territory.

6. **Broadband Benefit:**

- a. CMP and NECEC LLC commit that the final design for the NECEC transmission lines will include the necessary facilities and equipment to provide additional fiber optic capacity on the NECEC HVDC transmission line and other AC transmission lines included within the Network Upgrades for the benefit of the State of Maine and in particular the NECEC Host Communities, with an estimated value of \$5,000,000.
- b. CMP and NECEC LLC further commit to construct the necessary fiber optic infrastructure to provide access to this fiber optic capacity at major road crossings or other appropriate access points along the NECEC project route, pursuant to the NECEC Support Agreement discussed in Section V.B, Paragraph 14 below.
- c. In consultation with ConnectME, the Governor's designee(s), OPA and HQUS, NECEC LLC will establish a \$10,000,000 NECEC Broadband Fund. The NECEC Broadband Fund will be funded by five (5) annual contributions of \$2,000,000 by HQUS starting on the NECEC COD. The NECEC Broadband Fund will be available to provide grants to support the implementation and maintenance of high speed broadband infrastructure in the host communities through which the NECEC transmission facilities run. This grant funding may be used for the following purposes:

- i. Payment of any and all costs to study the feasibility and, if commercially, technically and legally feasible, the implementation and construction of a fiber optic connection between the State of Maine and the fiber optic network serving Montreal, Province of Québec through NECEC, pursuant to the NECEC Support Agreement discussed in Section V.B, Paragraph 14 below, provided that no more than \$2,000,000 of the NECEC Broadband Fund may be used for these purposes;
- ii. Payment of legal, consulting and financial planning fees related to the establishment of public/private partnerships to expand the availability of high speed broadband in the host communities or ongoing project management required to expand and maintain the availability of high speed broadband in such communities including, but not limited to, providing broadband service to public buildings where citizens may access the service for personal or business use;
- iii. Payment of annual pole license fees in unserved and underserved areas; or
- iv. Payment of make-ready costs for utility poles in unserved and underserved areas.

7. **Heat Pump Benefit:** NECEC LLC will establish a **\$15,000,000** NECEC Heat Pump Fund for the installation in Maine of heat pumps, or other future efficient heating technologies that are as efficient, or more efficient, than the most efficient heat pumps agreed to by the OPA, the Governor’s designee(s), CLF, Acadia Center, and IECG in consultation with Efficiency Maine Trust (“EMT”). Program specifications, eligibility criteria and other details of the NECEC Heat Pump Fund will be developed on a collaborative basis by NECEC LLC, HQUS, OPA, the Governor’s designee(s), CLF, Acadia Center, and IECG in consultation with Efficiency Maine Trust (“EMT”) and may include a preference for targeted initiatives to reach low- and moderate-income individuals and communities in Maine. The NECEC Heat Pump Fund will be funded by HQUS and NECEC LLC as follows:

- a. Starting on the NECEC COD and annually on the first, second, third and fourth anniversaries thereof, HQUS will make annual contributions of \$2,000,000 to the NECEC Heat Pump Fund, pursuant to the NECEC Support Agreement discussed in Section V.B, Paragraph 14 below;
- b. On the fifth and sixth anniversaries of the NECEC COD, NECEC LLC will make annual contributions of \$2,000,000 to the NECEC Heat Pump Fund; and
- c. On the seventh anniversary of the NECEC COD, NECEC LLC will make a contribution of \$1,000,000 to the NECEC Heat Pump Fund.

8. **NECEC Electric Vehicle (“EV”) Funds:** NECEC LLC, in consultation with CLF, Acadia Center, OPA, the Governor’s designee(s), EMT and IECG, and with the support of HQUS, will establish two funds totaling **\$15,000,000** for the purpose of expanding the numbers of electric vehicles (“EVs”) in Maine and maximizing access and exposure in Maine to EVs and EV infrastructure. The two funds are described below.

- a. **The Dirigo EV Fund:** The Dirigo EV Fund will be used to provide: (1) rebates to defray the cost of workplace, multi-unit dwelling and other public vehicle charging installations in Maine; and (2) consumer rebates for the purchase of qualifying EVs by Maine residents. The Dirigo EV Fund will be managed pursuant to a written agreement between CLF, Acadia Center and the Governor’s designee(s) prepared in consultation with CMP and NECEC LLC. Funding for the Dirigo EV Fund will be provided through a contribution of **\$5,000,000** from NECEC LLC. At the election of CLF, Acadia Center and the Governor’s designee(s) NECEC LLC may make this contribution, either through a lump sum payment based on documented program needs or

through alternative annual contributions, established by CLF, Acadia Center, and the Governor's designee(s) beginning in the year in which NECEC LLC and Hydro-Québec receive all necessary permits and approvals to construct the NECEC and the interconnecting transmission facilities in Québec. In the event that CLF, Acadia Center and the Governor's designee(s) elect that the NECEC EV Fund be funded by a lump sum payment, CLF, Acadia Center and the Governor's designee(s) shall provide NECEC LLC with detailed written descriptions of any such initiatives or programs to be funded with any such lump sum payment, including details as to the magnitude and timing of the funding requirements of such initiatives or programs. NECEC LLC, CLF, Acadia Center and the Governor's designee(s) shall jointly select a party to design the rebate program and/or administer the distribution of the Dirigo EV Fund. NECEC LLC further agrees to reimburse the Dirigo EV Fund up to \$50,000 for the charges for such program design and/or administration related work. The programs or initiatives funded by the Dirigo EV Fund, where applicable, shall be designed to:

- i. facilitate competitive development of charging stations by third parties;
 - ii. coordinate with other policy programs including Volkswagen settlement Appendix D expenditures;
 - iii. include targeted initiatives to reach low- and moderate-income individuals and communities in Maine; and
 - iv. exclude transmission and distribution utility ownership of end use charging stations, except in cases of market failure.
- b. The Hydro-Québec EV Fund: The **\$10,000,000** Hydro-Québec EV Fund will be used to fund the deployment of a state-wide fast and ultra-fast public

charging infrastructure network for EVs in Maine. Hydro-Québec will collaborate with CMP, OPA, IECG the Governor’s designee(s), and other interested stakeholders in developing this network, which will enable Maine EV drivers and visitors to enjoy safe electric travel across the state, with the guaranteed availability of fast chargers at regular intervals of distance. This charging network will be compatible with other public networks already present in Maine and neighboring jurisdictions and will be operated and supported by Hydro-Québec. The Stipulating Parties will provide for public ownership of the equipment comprising, and general public access rights to reasonably use and enjoy, the EV charging infrastructure network developed pursuant to the Hydro-Quebec EV Fund, each for the useful of life of such equipment or charging infrastructure. The Hydro-Québec EV Fund will be funded through five payments of **\$2,000,000** by HQUS starting on the NECEC COD and annually on the first, second, third and fourth anniversaries thereof, pursuant to the NECEC Support Agreement discussed in Section V.B, Paragraph 14 below.

9. **Franklin County Host Community Benefits**: NECEC LLC will establish a **\$5,000,000** NECEC Franklin County Host Communities Fund for the benefit of communities in Franklin County. NECEC LLC will fund this fund through ten (10) annual payments of \$500,000 starting on the NECEC COD and continuing on each of the ensuing anniversaries of the COD. The NECEC Franklin County Host Communities Fund will provide grant funding to support the charitable mission of the Greater Franklin Development Council (“GFDC”), a 501(c)(3) economic and community development

organization operating for the benefit of Franklin County residents) including the marketing of the Franklin County region, workforce development, business retention, and entrepreneurial support. NECEC LLC and GFDC will administer the NECEC Franklin County Host Communities Fund on a collaborative basis, and funds will be disbursed through a grant process that requires applicants to demonstrate the availability of matching funds. Applications for projects to help low-income citizens of Franklin County will be given a priority.

10. **Education Grant Funding:** NECEC LLC will contribute \$6,000,000 for education-related grants and programs as follows:

- a. Once the NECEC receives all State of Maine permits and approvals, NECEC LLC will contribute \$1,000,000 to Maine Prime Technologies LLC at the University of Maine to fund research and development activities associated with marine wind generation technology commercialization;
- b. Starting on the NECEC COD, NECEC LLC will make ten annual contributions of \$500,000 to fund the following:
 - i. Internship programs and scholarships for needy Maine students to attend the University of Maine Farmington totaling \$1,000,000 over ten years (\$100,000 per year); and
 - ii. Vocational programs, scholarships and innovative training programs in the areas of math, science and technology for the School Districts within Franklin and Somerset Counties or such programs and scholarships for Maine Community Colleges that serve students from Franklin and Somerset Counties, totaling \$4,000,000 over ten years. The Stipulating Parties agree to establish a governing board for the (\$400,000 per year) administration and use of these funds. Such board shall include two representatives from school districts in Franklin County, two representatives from Somerset County, and three representatives designated by the Maine Governor.

11. **Mitigating NECEC's Impacts on Transmission System and Existing and Future Maine Energy Resources:**

- a. CMP and NECEC LLC agree to actively participate in all ISO-NE studies to determine the thermal, voltage and stability ratings for the Surowiec-South interface applicable upon the completion of the NECEC and, consistent with good utility practice, advocate to ISO-NE to maximize the stability rating and the total transfer capacity at the Surowiec-South interface after the completion of the NECEC so that such rating is as close as possible to the expected thermal and/or voltage limits (2812 MW and 2930 MW, respectively) for that interface. This advocacy (whether oral or in writing) will address the reasonableness of applicable study assumptions and planning criteria and the appropriate balance between system reliability and achievement of New England's clean energy public policy objectives and will occur through direct interaction with ISO-NE and at appropriate stakeholder and ISO-NE committee meetings.
- b. CMP, CLF, Acadia Center, the Governor's designee(s), OPA, IECG and other interested stakeholders (to be chosen by a process agreed to by CMP, CLF, Acadia Center and the Governor's designee(s)) will engage one or more mutually agreed-upon transmission consultant(s) to evaluate and report on a suite of potential transmission and non-wires solutions (including but not limited to large scale solar and storage), and their respective estimated costs, that would reduce existing and projected congestion at the Maine/New Hampshire Interface and at the Surowiec-South interface. The consultant(s) will be selected through a jointly developed request for proposals or other

agreed upon method that establishes minimum consultant qualifications, services sought, scope of study and solutions to be analyzed. CMP will pay for this study, the costs of which shall not exceed \$2,000,000, and the study shall be commenced once all applicable permits and approvals for the construction of the NECEC transmission project in Maine are received and Hydro-Québec receives all applicable permits and approvals for the construction of the interconnecting transmission facilities in Québec. CMP agrees that it will not seek to recover the costs of this study from electricity customers.

- c. For any cost effective and commercially viable transmission and non-wires solution(s) identified in the Maine/New Hampshire and Surowiec-South interface report prepared pursuant to Section V.B, Paragraph 11(b) above, CMP agrees (directly or through an Avangrid affiliate) to fully assess and pursue all available means of approval and cost allocation pursuant to the ISO-NE Tariff, including but not limited to as a Reliability Transmission Upgrade, a Market Efficiency Transmission Upgrade or a Public Policy Transmission Upgrade, or as part of any future solicitation for clean energy and transmission capacity. To the extent a viable mechanism is determined to fund such solutions, CMP further agrees to, directly or through an Avangrid affiliate, propose such solution(s) in any applicable competitive solicitation, including without limitation any solicitation conducted under the ISO-NE Tariff, and, if such proposal is selected in such solicitation, seek all necessary permits and approvals to implement such solution(s) in

accordance with the then terms of the ISO-NE Tariff. In pursuing the development of such cost effective and commercially viable transmission and non-wires solution(s), CMP and its parent company, Avangrid Networks, agree to bear commercial risk associated with the development of the project.

- d. Within one year of NECEC COD, CMP (directly or through an Avangrid affiliate) shall create and make available an annual electric transmission and distribution system report for public notice (subject to CEII provisions) which analyzes system needs that may potentially be met by non-wires alternatives (“NWAs”). This report will detail capacity and load by substation and circuit and identify corresponding growth-related investments being planned for. This report will also include a detailed description of CMP’s planning and decision-making processes related to NWAs during the year, including transparency into the application of its NWA suitability criteria. CMP will work to develop and implement systems and analyses that can provide heat maps that: (i) show where integration of distributed generation is least likely to require substantial upgrades (i.e., hosting capacity maps); (ii) show the electric load on the electric distribution system, including electric loads during peak electricity demand time periods; and (iii) highlight the most congested or constrained areas of the electric distribution system. Additionally, CMP will support policies and regulations that seek to evaluate NWAs against traditional transmission and distribution projects through (i) the use of competitive solicitations and (ii) the use of

compensation mechanisms that create incentives to place NWAs on an equal footing from a ratemaking perspective. Such tools and heat maps will be available within one-year after NECEC COD.

- e. The above commitments in this Paragraph 11 are conditioned on (i) a CPCN being granted for the NECEC, (ii) NECEC LLC receiving all other necessary permits and approvals for the NECEC including, but not limited to, those issued by the MDEP, the LUPC, the USACE and the MDPU, and (iii) Hydro-Québec receiving all applicable permits and approvals for the construction of the interconnecting transmission facilities in Québec.

12. **Commitment to Long-term Planning for Regional Decarbonization:**

- a. As part of a regional decarbonization collaborative comprised of CLF, Acadia Center, utilities, the Governor's designee(s), OPA, IECG and other stakeholders (to be chosen by a process agreed to by CLF, Acadia Center, the Governor's designee(s) and CMP), CMP and NECEC LLC agree to work with the collaborative to jointly select and hire a consultant to perform an analysis of the means by which the Northeast Region may achieve economy-wide decarbonization of zero emissions by 2050 as called for by the most recent report of the Intergovernmental Panel on Climate Change Special Report on Global Warming of 1.5°C. CMP agrees to contribute at least 50 percent of the cost of this study and associated selection process. This contribution to the study cost by or on behalf of CMP shall not exceed \$500,000. As a member of the collaborative, CMP (directly or through an Avangrid affiliate) will actively engage in a regional stakeholder process to introduce and receive input on

the analysis and assess potential actions by which state policymakers could advance decarbonization in each energy consumption sector. CMP agrees that it will not seek to recover the costs of this study or stakeholder process from electricity customers.

- b. CMP agrees to work (directly or through an Avangrid affiliate) with a stakeholder group made up of CLF, Acadia Center, the Governor's designee(s), OPA, IECG, and other stakeholders (to be chosen by a process agreed to by CMP, CLF, Acadia Center and the Governor's designee(s)) to research and develop a set of utility policies and actions, and state regulatory reforms, that can most effectively facilitate economy-wide decarbonization in the region, consistent with the analysis conducted pursuant to Section V.B, Paragraph 12(a) above. CMP (directly or through an Avangrid affiliate), will work with this stakeholder group to develop a consensus around these approaches, draft proposed regulatory and legislative provisions by which the consensus approaches can be authorized, and actively seek state approval and implementation of them.
- c. The above commitments in this Paragraph 12 are conditioned on (i) a CPCN being granted for the NECEC and (ii) NECEC LLC receiving all other necessary permits and approvals for the NECEC including, but not limited to, those issued by the MDEP, the LUPC, the USACE and the MDPU.

13. **Securitization:** CMP, OPA, the Governor's Energy Office and IECG agree that electricity customers in Maine may benefit if the annual payments to the NECEC Low-income Customer Benefit Fund provided in Section V.B, Paragraph 4 and the annual payments to the

NECEC Rate Relief Fund provided in Section V.B, Paragraph 5 are leveraged through securitization. To facilitate the securitization of such payment streams, if possible, NECEC LLC, upon the NECEC COD, will establish a fund of **\$1,000,000** to be used to pay for any investment bank, investment advisor or consultant and/or legal fees incurred by OPA, the Governor's designee(s), IECG and CMP related to such securitization. In the event any of these funds are not needed to complete the securitization of either the NECEC Low-income Customer Benefit Fund or the NECEC Rate Relief Fund, any remaining balance will be disbursed to CMP to provide rate relief in accordance with Section V.B, Paragraph 5 above.

14. **HQUS Support Agreement:**

- a. In order to confirm HQUS's commitments herein, CMP, NECEC LLC and HQUS will enter a binding agreement enforceable under Maine law which reflects the following terms:
 - i. HQUS's commitment to provide CMP annually 400,000 MWh of environmental attributes related to deliveries of hydroelectric power to New England over the NECEC or otherwise (the "NECEC Environmental Attributes") for a twenty (20) year period starting in the first full year after NECEC COD. The NECEC Environmental Attributes shall mean any and all generation attributes under any and all other international, federal, regional, state or other law, rule, regulation, bylaw, treaty or other intergovernmental compact, decision, administrative decision, program (including any voluntary compliance or membership program), competitive market or business method (including all credits, certificates, benefits, and emission measurements, reductions, offsets and allowances related thereto) that are attributable, now or in the future, to the favorable generation or environmental attributes of Hydro-Québec hydropower generation resources including, but not limited to: (a) any such credits, certificates, benefits, offsets and allowances computed on the basis of the Hydro-Québec hydropower generation resources using renewable technology or displacement of fossil-fuel derived or other conventional energy generation; or (b) any certificates issued pursuant to the NEPOOL Generation Information System Operating Rules ("GIS") in connection with energy generated by the Hydro-Québec hydropower generation resources;

- ii. Hydro-Québec's commitment to include sufficient fiber optic capacity in the Québec transmission facilities interconnecting to the NECEC to provide a fiber optic connection between the State of Maine and the fiber optic network serving Montreal, Province of Québec, subject to commercial, technical and legal feasibility;
 - iii. HQUS's commitment to contribute \$10,000,000 to the NECEC Broadband Fund through five payments of \$2,000,000 starting on the NECEC COD and annually on the first, second, third and fourth anniversaries thereof and to share its expertise on broadband infrastructure;
 - iv. HQUS's commitment to contribute \$10,000,000 to the NECEC Heat Pump Fund through five payments of \$2,000,000 starting on the NECEC COD and annually on the first, second, third and fourth anniversaries thereof;
 - v. Hydro-Québec's commitment to share its expertise with respect to EV infrastructure in developing the programs and initiatives funded by the Hydro-Québec EV Fund for the benefit of the State of Maine;
 - vi. HQUS's commitment to contribute \$10,000,000 to the Hydro-Québec EV Fund through five payments of \$2,000,000 starting on the NECEC COD and annually on the first, second, third and fourth anniversaries thereof;
 - vii. HQUS's commitment to pay NECEC LLC annually \$3,500,000 beginning on the NECEC COD and continuing on each anniversary thereof for a period of forty (40) years in addition to all amounts due under the TSAs; and
 - viii. A guaranty from Hydro-Québec of HQUS's payment obligations under the HQUS Support Agreement or such other appropriate credit support for such obligations as the parties to the HQUS Support Agreement agree.
- b. Prior to the commencement of construction of the NECEC, NECEC LLC will file the HQUS Support Agreement and the Hydro-Québec guaranty or other credit support with the Commission as a compliance filing in this docket.

15. **Maine Workers Preference**: All other factors being equal and consistent with applicable law and applicable labor agreements, NECEC LLC, and its contractors working on the construction of the NECEC will give preference to hiring Maine workers.

16. **Funding Commitments Conditions Precedent**: The funding commitments in Section V.B, Paragraphs 4, 5, 6, 7, 8(b), 9, and 10(b) above are conditioned on the NECEC achieving commercial operation.

C. Nontransmission Alternatives Findings

1. The Stipulating Parties further agree and recommend that the Commission find, based on the record in this proceeding, that no nontransmission alternative (“NTA”), whether large-scale generation, distributed generation, demand response resource, or conservation alternative, can feasibly substitute for the NECEC at a lower cost to Maine electricity customers. The NECEC will serve the public need by transmitting up to 1,200 MW of hydropower energy from Québec to New England effectively replacing retiring baseload generation, and providing the State of Maine with its first transmission interconnection with the vast Hydro-Québec hydropower generation system. No NTA has the technical capability, size or scale to satisfy this public need, and even if an NTA could meet this public need, no such alternative could so do at a lower total cost to Maine electricity customers, since no NECEC related costs will be borne by Maine electricity customers.

VI. ADDITIONAL STIPULATION TERMS

1. The execution of this Stipulation by any Stipulating Party shall not constitute precedent as to any matter of law or fact and, except as expressly provided herein, shall not foreclose any of the Stipulating Parties from making any contention or exercising any right,

including rights of appeal, in any other Commission proceeding or investigation, or any other trial or action.

2. The Stipulating Parties intend that this Stipulation be considered by the Commission for adoption as an integrated solution to the issues addressed herein which arose in the above-captioned proceeding and as otherwise presented in this Stipulation. The Stipulating Parties also intend that this Stipulation shall be null and void, and not bind the Stipulating Parties in the above-captioned proceeding, in the event the Commission does not adopt this Stipulation without material modification.

3. If not accepted by the Commission in accordance with the provisions hereof, this Stipulation shall not prejudice the positions taken by any Stipulating Party on these issues before the Commission in this proceeding and shall not be admissible evidence therein or in any other proceeding before the Commission.

4. Upon approval by the Commission, this Stipulation shall have the legal effect of a binding contractual agreement and shall not be amended without the written agreement of CMP, NECEC LLC, OPA, IECG, CLF, Acadia Center, the Governor's Energy Office, WMRC, City of Lewiston, Chamber, and IBEW.

5. All rights, commitments and obligations under this Stipulation shall be binding upon and inure to the benefit of the lawful successors or assigns of the applicable responsible entities identified herein. In the event that a responsible entity ceases to operate or legally exist without a successor or assign, the Stipulating Parties, in consultation with Commission Staff, will confer to identify an appropriate successor or assign in order that the purposes of this Stipulation may be achieved and, as necessary and appropriate, seek Commission approval of such successor or assign.

6. The Stipulating Parties agree that the record in support of this Stipulation includes: (a) this Stipulation, and (b) any and all confidential or public materials contained in the Commission's Administrative Record of Docket No. 2017-00232 as of this date, as set forth in Section III of this Stipulation.

7. The Stipulating Parties hereby waive any rights that they have under 5 M.R.S. § 9062(4) and Chapter 110, Section 8(F)(4) of the Commission Rules of Practice and Procedure to the extent necessary to permit Commission Staff to discuss this Stipulation and the resolution of the issues addressed in this Stipulation with the Commissioners, either before or at the Commission's scheduled deliberations, without providing to the Stipulating Parties an Examiners' Report or the opportunity to file Exceptions.

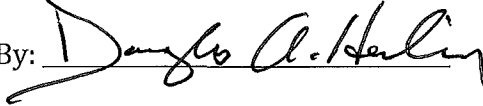
8. All Attachments referred to in this Stipulation are incorporated herein by reference and are intended to be considered as part of this Stipulation as if their terms were fully set forth in the body of this Stipulation.

9. In the event that the Stipulating Parties cannot agree on the implementation of necessary details related the administration or use of any of the funds described in Sections V.B, Paragraphs 4, 5, 6, 7, 8, 9, or 10 of this Stipulation, the Commission shall retain jurisdiction to interpret the binding contractual effect of such provisions in accordance with its authority under Maine law.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Stipulating Parties have caused this Stipulation to be executed by their respective attorneys or representatives, or have caused their lack of objection to be noted by the signature of their respective attorneys or representatives.

CENTRAL MAINE POWER COMPANY

By: 

By: 

MAINE OFFICE OF THE PUBLIC ADVOCATE

By: _____

GOVERNOR'S ENERGY OFFICE

By: _____

INDUSTRIAL ENERGY CONSUMER GROUP

By: _____

CONSERVATION LAW FOUNDATION

By: _____


IN WITNESS WHEREOF, the Stipulating Parties have caused this Stipulation to be executed by their respective attorneys or representatives, or have caused their lack of objection to be noted by the signature of their respective attorneys or representatives.

CENTRAL MAINE POWER COMPANY

By: _____

By: _____

MAINE OFFICE OF THE PUBLIC ADVOCATE

By:  _____

Barry J. Hobbins, Public Advocate

GOVERNOR'S ENERGY OFFICE

By: _____

INDUSTRIAL ENERGY CONSUMER GROUP

By: _____

CONSERVATION LAW FOUNDATION

By: _____

IN WITNESS WHEREOF, the Stipulating Parties have caused this Stipulation to be executed by their respective attorneys or representatives, or have caused their lack of objection to be noted by the signature of their respective attorneys or representatives.

CENTRAL MAINE POWER COMPANY

By: _____

By: _____

MAINE OFFICE OF THE PUBLIC ADVOCATE

By: _____

GOVERNOR'S ENERGY OFFICE

By: Angela Monroe

INDUSTRIAL ENERGY CONSUMER GROUP

By: _____

CONSERVATION LAW FOUNDATION

By: _____

IN WITNESS WHEREOF, the Stipulating Parties have caused this Stipulation to be executed by their respective attorneys or representatives, or have caused their lack of objection to be noted by the signature of their respective attorneys or representatives.

CENTRAL MAINE POWER COMPANY

By: _____

By: _____

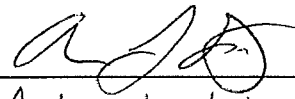
MAINE OFFICE OF THE PUBLIC ADVOCATE

By: _____

GOVERNOR'S ENERGY OFFICE

By: _____

INDUSTRIAL ENERGY CONSUMER GROUP

By:  _____
Andrew Landry
Counsel for IECG

CONSERVATION LAW FOUNDATION

By: _____

IN WITNESS WHEREOF, the Stipulating Parties have caused this Stipulation to be executed by their respective attorneys or representatives, or have caused their lack of objection to be noted by the signature of their respective attorneys or representatives.

CENTRAL MAINE POWER COMPANY

By: _____

By: _____

MAINE OFFICE OF THE PUBLIC ADVOCATE

By: _____

GOVERNOR'S ENERGY OFFICE

By: _____

INDUSTRIAL ENERGY CONSUMER GROUP

By: _____

CONSERVATION LAW FOUNDATION

By: 

ACADIA CENTER

By: Deborah Donovan

MAINE STATE CHAMBER OF COMMERCE

By: _____

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS

By: _____

CITY OF LEWISTON

By: _____

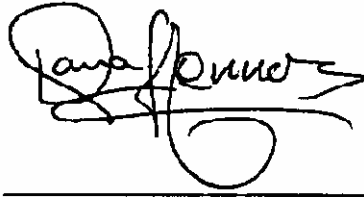
WESTERN MOUNTAINS & RIVERS
CORPORATION

By: _____

ACADIA CENTER

By: _____

MAINE STATE CHAMBER OF COMMERCE

A handwritten signature in black ink, appearing to read "Paula Penno", written over a horizontal line.

By: _____

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS

By: _____

CITY OF LEWISTON

By: _____

WESTERN MOUNTAINS & RIVERS
CORPORATION

By: _____

ACADIA CENTER

By: _____

MAINE STATE CHAMBER OF COMMERCE

By: _____

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS

By: Jan P. Buzgan

CITY OF LEWISTON

By: _____

WESTERN MOUNTAINS & RIVERS
CORPORATION

By: _____

ACADIA CENTER

By: _____

MAINE STATE CHAMBER OF COMMERCE

By: _____

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS

By: _____

CITY OF LEWISTON

By: Edward G. Burt

WESTERN MOUNTAINS & RIVERS
CORPORATION

By: _____

Thorn Dickinson

Exhibit

NECEC LLC-1-D

(December 29, 2020 Support Agreement)

SUPPORT AGREEMENT

This Support Agreement (“Agreement”) is made effective as of December 29, 2020 (the “Effective Date”) among Central Maine Power Company, a Maine corporation with offices located 83 Edison Drive, Augusta, Maine (“CMP”), NECEC Transmission LLC, a Delaware limited liability company with offices located at One City Center, Portland, Maine (“NECEC LLC”) and H.Q. Energy Services (U.S.) Inc., a Delaware corporation having its place of business at 225 Asylum Street, 27th Floor, Hartford, Connecticut (“HQUS”). CMP, NECEC LLC and HQUS are hereinafter each referred to as a “Party” and collectively as the “Parties”.

WHEREAS, pursuant to Massachusetts law, (a) HQUS has entered into power purchase agreements (as amended, the “PPAs”), each dated as of June 13, 2018, with each of Unitil, National Grid and Eversource Energy (collectively, the “EDCs”) with respect to an aggregate of 1,090 MW of clean energy hydroelectric generation obtained by HQUS from its affiliate Hydro-Québec Production, a division of Hydro-Québec, (b) CMP has entered into transmission service agreements (as amended, the “EDC TSAs”), each dated as of June 13, 2018, with each of the EDCs with respect to an aggregate of 1,090 MW of firm transmission service, each for a term of twenty (20) years commencing on the commercial operation date (the “COD”) of transmission facilities to be constructed by CMP and/or its affiliate NECEC LLC (the “NECEC Transmission Line”), and (c) CMP has entered into transmission service agreements with HQUS (as amended, the “HQUS TSAs” and, together with the EDC TSAs, the “TSAs”), each dated as of June 13, 2018, with respect to 110 MW of firm transmission service on the NECEC Transmission Line for a term of forty (40) years commencing on the COD and an aggregate of 1,090 MW of firm transmission service on the NECEC Transmission Line for a term of twenty (20) years commencing on the twentieth (20th) anniversary of the COD;

WHEREAS, on October 19, 2018, the Federal Energy Regulatory Commission (“FERC”) accepted the TSAs to become effective on October 20, 2018 pursuant to an order available at 165 FERC ¶ 61,034;

WHEREAS, CMP has been issued a Certificate of Public Convenience and Necessity by the Maine Public Utilities Commission (“MPUC”) by an order dated May 3, 2019 in MPUC Docket No. 2017-00232 authorizing CMP to construct, own and operate the NECEC Transmission Line (as such order may be modified or amended, the “CPCN”) and the EDCs have obtained necessary approvals of the PPAs and the EDC TSAs from the Massachusetts Department of Public Utilities by an order dated June 25, 2019;

WHEREAS, CMP has agreed as part of a settlement stipulation in MPUC Docket No. 2017-00232 dated February 21, 2019 approved by the MPUC in the CPCN (as such order may be modified or amended, the “NECEC I Stipulation”), which NECEC I Stipulation the MPUC approved as part of the CPCN and it is a condition set forth in the CPCN, that certain funding streams shall be established to provide benefits to certain Maine constituencies, including Maine electric customers, host communities affected by the NECEC Transmission Line and Maine low-income populations;

WHEREAS, the CPCN also requires that CMP transfer and convey the NECEC Transmission Line, prior to construction, to NECEC LLC, which is a wholly owned subsidiary within the Avangrid Networks family

of companies, but is not a subsidiary of CMP, and that NECEC LLC and HQUS join in or assume certain of the funding obligations set forth in the NECEC I Stipulation and the CPCN;

WHEREAS, the Parties wish to set forth HQUS's commitments to provide a portion of the funding for the benefits contemplated by the preceding recitals as well as certain related provisions required under or contemplated by the CPCN, and the conditions to such funding; and

WHEREAS, the Parties agree that such funding shall be paid by HQUS pursuant to the terms set forth herein and shall be held in trust by a financial institution approved by the MPUC ("Escrow Agent") under one or more customary escrow agreements (providing for separate accounts to be held and disbursed according to the directions applicable to each such fund).

NOW THEREFORE, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. HQUS Payments; Environmental Attributes; HQ Guaranty; HQ Agreement.

(a) HQUS Payments. Subject to and conditioned upon (A) the issuance of the State of Maine and U.S. Army Corps of Engineers ("ACOE") permits¹ required for the construction and operation of the NECEC Transmission Line (hereafter "Permit Issuance"), (B) continued compliance by CMP and NECEC LLC with the NECEC I Stipulation and the CPCN in all material respects (and subject to any applicable notice and cure period) that the absence of which, if not timely cured, would preclude the construction or operation of the NECEC Transmission Line, and (C) the provisions set out in item (iv) below, HQUS agrees to make the following payments to the Escrow Agent (each an "HQUS Payment" and collectively the "HQUS Payments") for the NECEC Broadband Fund, the NECEC Heat Pump Fund, the Hydro-Québec EV Fund, the NECEC Rate Relief Fund, the NECEC Low Income Fund, and the NECEC LLC Escrow (defined below) (collectively, the "Funds") at the times set forth below, without reduction or setoff. HQUS will make the HQUS Payments on a quarterly basis on the first business day of each January, April and July and October following Permit Issuance (each a "Payment Date," provided that the first Payment Date shall not occur prior to October 1, 2020); in each case subject to Sections 1(a)(vii) and (viii) below.

¹ These permits are a (1) Certificate of Public Convenience and Necessity from the Maine Public Utilities Commission, (2) a Land Use Certification from the Maine Land Use Planning Commission, (3) a Site Location of Development Act permit from the Maine Department of Environmental Protection, (4) a Natural Resources Protection Act permit from the Maine Department of Environmental Protection, and (5) a Section 404 dredge and fill permit from the US Army Corps of Engineers.

(i) NECEC Broadband Payments.

Equal installments of \$500,000 on each of the first twenty (20) Payment Dates, for a total of \$10,000,000, shall be deposited into NECEC Broadband Escrow to be paid into the NECEC Broadband Fund to be established pursuant to Sections V.B.6(c) and V.B.14(a)(iii) of the NECEC I Stipulation , in accordance with detailed payment instructions regarding the Escrow Agent to be provided to HQUS in writing by NECEC LLC prior to the first Payment Date;

(ii) NECEC Heat Pump Payments.

Equal installments of \$500,000 on each of the first twenty (20) Payment Dates, for a total of \$10,000,000, shall be deposited into NECEC Heat Pump Escrow to be paid into the NECEC Heat Pump Fund to be established pursuant to Sections V.B.7(a) and V.B.14(a)(iv) of the NECEC I Stipulation, in accordance with detailed payment instructions regarding the Escrow Agent to be provided to HQUS in writing by NECEC LLC prior to the first Payment Date;

(iii) NECEC EV Payments.

Equal installments of \$500,000 on each of the first twenty (20) Payment Dates, for a total of \$10,000,000, shall be deposited into NECEC Hydro-Québec EV Escrow to be paid into the Hydro-Québec EV Fund to be established pursuant to Sections V.B.8(b) and V.B.14(a)(vi) of the NECEC I Stipulation, in accordance with detailed payment instructions regarding the Escrow Agent to be provided to HQUS in writing by NECEC LLC prior to the first Payment Date; and

(iv) Other NECEC Payments.

Equal installments of \$875,000 on each of the first one hundred sixty (160) Payment Dates (each an “HQUS NECEC Payment”), for a total of \$140,000,000, paid in satisfaction of Section V.B.14(a)(vii) of the NECEC I Stipulation, in accordance with detailed payment instructions regarding the Escrow Agent to be provided to HQUS in writing by NECEC LLC prior to the first Payment Date; provided however that NECEC LLC and CMP are at the time of each such payment in compliance with the terms of the NECEC I Stipulation in all material respects (and subject to any applicable notice and cure period) that the absence of which, if not timely cured, would preclude the construction or operation of the NECEC Transmission Line. HQUS shall make the HQUS NECEC Payments directly into the three escrow accounts as set forth below in accordance with detailed payment instructions to be provided to HQUS in writing by NECEC LLC prior to the first Payment Date: (a) \$312,500 of each such HQUS NECEC Payment by or on behalf of HQUS shall be deposited into NECEC Low Income Escrow to be paid to the NECEC Low Income Fund established pursuant to Section V.B.4 of the NECEC I Stipulation and such payment will be deemed to have been in fulfillment and satisfaction of NECEC LLC’s obligations set forth in Section V.B.4 of the NECEC I Stipulation with respect to payments by NECEC LLC into the NECEC Low Income Fund; (b) \$500,000 of each HQUS NECEC Payment by or on behalf of HQUS shall be deposited into the NECEC Rate Relief Escrow to be paid to the NECEC Rate Relief Fund established pursuant to Section V.B.5 of the NECEC I Stipulation and such payment will be deemed to have been in fulfillment and satisfaction of NECEC LLC’s obligations set forth in Section V.B.5 of the NECEC I Stipulation with respect to payments by NECEC LLC into the NECEC Rate Relief Fund, and (c) \$62,500 of each such HQUS NECEC Payment by or on behalf of HQUS shall be deposited into a NECEC LLC Escrow to be paid to NECEC LLC to satisfy NECEC LLC’s obligations under the NECEC I Stipulation. The Parties agree that the Escrow Agent shall be designated for each of said Funds, pursuant to the Stipulation approved by Order in Docket No. 2019-00179 (“NECEC II Stipulation”), and that all HQUS Payments required to be made by or on behalf of HQUS with respect to such Fund(s) shall be made directly to the Escrow Agent, and upon indefeasibly making each HQUS Payment in full to the Escrow Agent, the obligation of HQUS with respect to said payment shall be fully and finally discharged.

Further, the Parties agree that in the event that CMP or NECEC LLC, as applicable, (i) breaches its obligations under the HQUS TSAs, such that HQUS is unable due to such breach to receive transmission service over the NECEC Transmission Line as contemplated by the HQUS TSAs, or (ii) fails to comply with the NECEC I

Stipulation and the CPCN in a material respect (and subject to any applicable notice and cure period) which failure precludes the operation of the NECEC Transmission Line as described in Section 1(a)(B) and Section 1(a)(iv), then in addition to and independent of any other remedies for said breach of the HQUS TSAs, the NECEC I Stipulation, the CPCN or this Agreement, NECEC LLC agrees to assume the obligations of HQUS under subsection 1(a)(iv) above and under Section V.B.14(vii) of the NECEC I Stipulation and to make the HQUS NECEC Payments when and as due until such time as transmission service is restored and CMP or NECEC LLC, as applicable, is again in compliance with the HQUS TSAs, the NECEC I Stipulation, the CPCN or this Agreement, as applicable, which shall relieve the obligation of HQUS with respect to the payments so required to be assumed by NECEC LLC during such period.

- (v) NECEC LLC will put in place and maintain a guaranty by Avangrid, Inc. or its successor with respect to NECEC LLC's payment obligations under its assumption of the obligations of HQUS to make the HQUS NECEC Payments as set forth in the previous paragraph, said guaranty naming as beneficiaries the same parties who are beneficiaries of the Guaranty Agreement described in Section V.B.1.d.iv of the NECEC I Stipulation and HQUS with respect to the payments so assumed, and in the form attached hereto as Exhibit C. By way of further clarification, NECEC LLC shall not be obligated to assume the obligations of HQUS as set forth in subsection 1(a)(iv) above and under Section V.B.14(a)(vii) of the NECEC I Stipulation, or to make the HQUS NECEC Payments referenced in subsection 1(a)(iv) above, during an event of Force Majeure as defined in Section 15.1 of the TSAs, provided that the suspension of the obligation to assume the obligations of HQUS shall be no longer than the duration of the Force Majeure event and provided further that if there is a dispute between the Parties as to whether an event of Force Majeure has occurred with respect to the NECEC Transmission Line and the dispute is resolved to the effect that such an event of Force Majeure has not occurred, then the payments which were not made due to that claimed event of Force Majeure shall then be made.
- (vi) The Parties acknowledge that the HQUS Payments agreed to herein are not consideration for the right of HQUS to transmit energy over the NECEC Transmission Line, but rather are solely consideration for impacts to resources and public interests of the State of Maine arising from the siting and construction of the NECEC Transmission Line.
- (vii) Prior to COD, the payment obligations of Section 1(a) may be suspended by a Party the the Support Agreement upon notice to the other Parties to the Support

Agreement and the Governor's Energy Office ("GEO"), State of Maine Public Advocate ("Public Advocate"), and Industrial Energy Consumer Group ("IECG"), if any of the following conditions occur, and for as long as such condition continues to exist, and the HQUS Payments shall resume on the next Payment Date following removal of such condition (and the term Payment Date shall be deemed to exclude any dates during said suspension that would otherwise constitute a "Payment Date" in order that the total number of Payment Dates remains as provided in Section 1(a)):

- A. Construction of a material part of the NECEC Transmission Line is suspended indefinitely or for an announced period of greater than 30 days.
- B. A legislative measure, including a citizens' initiative, has been adopted in the State of Maine challenging the validity of any Maine permit or seeking to hinder or block the construction of the NECEC Project and such legislative measure remains in effect as of the Payment Date(s)..

(viii) The Parties agree that the performance of HQUS payment obligations as set forth in this Agreement satisfies HQUS's payment obligations referenced in the NECEC I Stipulation (including Sections V.B.6(c), V.B.14(a)(iii), V.B.7(a), V.B.14(a)(iv), V.B.8(b), V.B.14(a)(vi) and V.B.14(a)(vii) thereof). All of the payment obligations of HQUS hereunder will terminate upon the earlier of: (a) the termination of this Agreement pursuant to Section 4 hereof, or (b) the termination of the NECEC Project prior to the COD of the NECEC Transmission Line. Any monies that remain in the escrow accounts for the Funds at the time of such termination shall be returned to HQUS within five (5) Business Days of such termination. Suspension of payment obligations pursuant to Section 1(a)(vii) does not otherwise terminate this Agreement.

(b) HQUS Environmental Attributes. As contemplated by Section V.B.14(a)(i) of the NECEC I Stipulation and approved in the CPCN and as further increased by this Agreement, HQUS agrees to provide to CMP annually 500,000 MWh of Environmental Attributes (as hereinafter defined) related to deliveries of hydroelectric power by Hydro-Québec or its affiliates to New England over the NECEC Transmission Line or otherwise (the "NECEC Environmental Attributes") for a twenty (20) year period starting in the first full twelve (12) month period beginning on the COD. "Environmental Attributes" shall mean (i) any and all generation attributes under any and all international, federal, regional, state or other law, rule, regulation, bylaw, treaty or other intergovernmental compact, decision, administrative decision, program (including any voluntary compliance or membership program), competitive market or business method (including all credits, certificates, benefits, and emission measurements, reductions, offsets and allowances related thereto) that are attributable, now or in the future, to the favorable generation or environmental

attributes of Hydro Québec's (or its affiliates) using renewable technology or displacement of fossil fuel derived or other conventional energy generation; or (ii) any and all environmental characteristics associated with the certificates issued pursuant to the NEPOOL Generation Information System ("GIS") Operating Rules in connection with energy generated by the hydropower generation resources of Hydro-Québec (or its affiliates). In connection with the transfer of NECEC Environmental Attributes hereunder, HQUS will execute (or cause its affiliates to execute) and deliver to CMP, at CMP's cost, such documents and take (or cause its affiliates to take) such steps, at CMP's cost, as CMP may from time to time reasonably request in order to timely and fully effectuate such transfer. In the event of changes to the GIS tracking system utilized by NEPOOL that affect HQUS' or CMP's rights or obligations under this Section 1(b), HQUS and CMP agree to negotiate in good faith modifications to this Section 1(b) to effectuate (to the extent reasonably practicable) the original intent of this Section 1(b), which modifications shall be subject to consent by the State of Maine acting through the GEO and the Public Advocate.

(c) Hydro-Québec Guaranty; Hydro-Québec Agreement. As contemplated by Section V.B.14(a)(viii) of the NECEC I Stipulation and as approved in the CPCN, concurrently with the execution and delivery of this Agreement, HQUS will deliver to CMP and NECEC LLC (i) a guaranty (the "Guaranty Agreement") in the form attached hereto as Exhibit A duly executed by Hydro-Québec with respect to the payment obligations of HQUS for the HQUS NECEC Payments as set forth in Section 1(a)(iv) of this Agreement; and (ii) an agreement (the "HQ Agreement") in the form attached hereto as Exhibit B duly executed by Hydro-Québec, as contemplated by Sections V.B.14(a)(ii), (iii) and (v) of the NECEC I Stipulation as approved in the CPCN.

In lieu of the Hydro-Quebec Guaranty with respect to the Funds set forth in Sections 1(a)(i), (ii), and (iii) of this Agreement, HQUS will also deliver to the GEO, Public Advocate, IECG, NECEC LLC and CMP (solely for the benefit of the Escrow Agents under each of the relevant Funds under said Sections of this Agreement) an irrevocable, evergreen, bank letter of credit securing the initial amount of \$30,000,000, issued or confirmed by a bank with a location in Maine in form and substance satisfactory to the GEO, Public Advocate, IECG, NECEC LLC and CMP to support the obligation of HQUS with respect to the HQUS Payment to be made under said Sections 1(a)(i), (ii), and (iii) of this Agreement. The letter of credit will be held by the Escrow Agent, who will have fiduciary responsibilities to GEO, Public Advocate, IECG, NECEC LLC and CMP. The Escrow Agent will act as agent for the GEO, Public Advocate, IECG, NECEC LLC and CMP and shall be required to draw on the letter of credit for the benefit of the beneficiaries if requested to do so by any one or more of GEO, Public Advocate, IECG, NECEC LLC and CMP. The required amount of said letter of credit shall be reduced upon the making of each HQUS Payment under said Sections so as to equal the total amount of the HQUS Payments remaining to be made under said Sections of this Agreement, provided, further, that HQUS agrees that, in the event any FERC action relieves HQUS of responsibility for making any HQUS Payments or otherwise limits HQUS's responsibility for making such payments, such action will not limit GEO's, Public Advocate's, IECG's, NECEC LLC's and CMP's rights to seek the HQUS Payments, and GEO, Public Advocate, IECG, NECEC LLC and CMP may nevertheless certify to the bank for purposes of obtaining payment to the Escrow Agents that the payments are nevertheless due and owing by HQUS, assuming that the payments are otherwise due and owing. As a condition to draw on the letters of credit, the GEO, Public Advocate, IECG, NECEC LLC and CMP shall certify to the issuing bank that the notice provisions of the second paragraph of Section 8(e) have been followed.

Additionally, to secure HQUS's obligations to fund all of the Funds set forth in Section 1(a) of this Agreement, HQUS will grant to the GEO, Public Advocate, IECG, NECEC LLC and CMP, a first priority

security interest in HQUS's rights to receive payments under a future Power Purchase Agreement to be entered into before December 31, 2021 for delivery of energy using the NECEC Transmission Line. In connection therewith, HQUS shall execute and deliver a security agreement and such other documents as the GEO, Public Advocate, IECG, NECEC LLC and CMP may deem reasonably necessary to create and perfect such security interest. HQUS shall also provide evidence of its authority to grant such first priority security interest, and evidence of any necessary consents, and shall require the buyer under such Power Purchase Agreement to agree in writing that the amounts owed to HQUS under the Power Purchase Agreement are subject to such security interest. As a condition to foreclose on the security interest in said payments, the GEO, Public Advocate, IECG, NECEC LLC and CMP shall certify to the buyer under such Power Purchase Agreement that the notice provisions of the second paragraph of Section 8(e) have been followed.

The Parties agree and acknowledge that Hydro-Québec and its affiliates shall have no obligation to fund the fiber optic projects referred to in the HQ Agreement other than through contributions to the NECEC Broadband Fund as contemplated by Section 1(a)(i) hereof, which are subject to the amount limits set forth therein.

2. Covenants of CMP and NECEC LLC.

(a) CMP and NECEC LLC agree to timely make such filings with the MPUC (including but not limited to the filing of a fully executed copy of this Agreement, the Guaranty Agreement and the HQ Agreement) with respect to this Agreement and the transactions contemplated hereby as are required from time to time under the CPCN or applicable laws and regulations.

(b) CMP and/or NECEC LLC, as appropriate, agree to deliver a written notice to HQUS and the GEO, MPUC, Public Advocate and IECG specifying the occurrence of COD of the NECEC Transmission Line, as provided for under the applicable sections of the HQUS TSAs.

(c) CMP and NECEC LLC agree to consult with HQUS and the GEO, MPUC and Public Advocate in establishing the NECEC Broadband Fund pursuant to Section V.B.6 (c) of the NECEC I Stipulation and as approved in the CPCN, and to exercise commercially reasonable efforts to obtain consultation with and, where applicable, support and approval of the other parties to the NECEC I Stipulation with respect thereto.

(d) CMP and NECEC LLC agree to develop program specifications, eligibility criteria and other details of the NECEC Heat Pump Fund in collaboration with HQUS and the GEO, MPUC, Public Advocate and IECG pursuant to Section V.B.7 of the NECEC I Stipulation and as approved in the CPCN, and to exercise commercially reasonable efforts to obtain consultation with and, where applicable, support and approval of the other parties to the NECEC I Stipulation with respect thereto.

(e) CMP and NECEC LLC agree to vigorously protect and enforce their rights under the Support Agreement.

3. Representations and Warranties.

(a) Mutual Representations and Warranties. Each Party hereby represents and warrants to the other Parties that all of the statements in this Section 3(a) are true and correct as of the Effective Date:

- (i) It is not subject to an Insolvency Event and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it that could result in the occurrence of an Insolvency Event with respect to it; and
- (ii) It is an entity subject to the procedures and substantive provisions of the Bankruptcy Code applicable to U.S. corporations or limited liability companies, as applicable, generally.

For the purposes hereof:

“Bankruptcy Code” means the United States Bankruptcy Code, II U.S.C. § 101 et seq.

“Insolvency Event” means, with respect to an entity, such entity (a) is now or becomes “insolvent,” as defined in the Bankruptcy Code, or is now or otherwise becomes bankrupt or insolvent under any Insolvency Laws, (b) has a liquidator, administrator, receiver, custodian, trustee, conservator or similar official appointed with respect to such entity or any material portion of such entity’s assets or such entity consents to such appointment, or a foreclosure action is instituted with respect to any material portion of such entity’s assets and is not dismissed within thirty (30) days of commencement thereof, (c) files a voluntary petition or otherwise authorizes or commences a proceeding or cause of action under the Bankruptcy Code or Insolvency Laws, (d) has an involuntary petition filed against it or acquiesces in the commencement of a proceeding or cause of action as the subject debtor under the Bankruptcy Code or Insolvency Laws, which petition is not dismissed within thirty (30) days after the filing thereof or results in the issuance of an order for relief against such entity, (e) makes or consents to an assignment of its assets in whole or in part, for the benefit of creditors or any general arrangement for the benefit of creditors, or a common law composition of creditors or (f) generally is unable to pay its debts as they fall due, or admits in writing to such inability.

“Insolvency Laws” means any bankruptcy, insolvency, reorganization or similar laws of the U.S., Canada or other governmental authority, as applicable, other than the Bankruptcy Code.

(b) Additional Representations and Warranties of HQUS. HQUS hereby represents and warrants to CMP and NECEC LLC that all of the statements in this Section 3(b) are true and correct as of the Effective Date:

- (i) HQUS is duly organized, validly existing, and in good standing under the laws of the State of Delaware and is qualified to do business in each other jurisdiction where the failure to so qualify would have a material adverse effect on HQUS, and is directly or indirectly a wholly owned subsidiary of Hydro-Québec;
- (ii) HQUS has all requisite corporate power and authority necessary to authorize the execution and delivery of this Agreement and the performance of its obligations

hereunder, and to consummate the transactions contemplated hereby, and this Agreement has been duly executed and delivered by HQUS;

- (iii) Assuming the due authorization, execution and delivery of this Agreement by CMP and NECEC LLC, this Agreement constitutes HQUS's legal, valid and binding obligation, enforceable against HQUS in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization and other laws of general application relating to or affecting creditors' rights generally and to general principles of equity (regardless of whether considered in a proceeding in equity or at law);
- (iv) HQUS has received all necessary governmental and regulatory approvals to enter into this Agreement and to perform its obligations hereunder, and no legal proceeding is pending or, to its knowledge, threatened against HQUS or any of its affiliates that relates to any such approvals or that is reasonably likely to have a material adverse effect on HQUS' ability to enter into or perform its obligations under this Agreement; and
- (v) The execution, delivery and performance of this Agreement by HQUS does not and will not (A) violate any provisions of its certificate of incorporation or bylaws, or any applicable law; or (B) violate, or result in any breach of, or constitute any default under, any agreement or instrument to which it is a party or by which it or any of its properties may be bound or affected.

(c) Additional Representations and Warranties of CMP and NECEC LLC. CMP and NECEC LLC hereby represent and warrant to HQUS that all of the statements in this Section 3(c) are true and correct as of the Effective Date:

- (i) CMP is duly organized, validly existing, and in good standing as a corporation under the laws of the State of Maine, NECEC LLC is duly organized, validly existing and in good standing as a limited liability company under the laws of the State of Delaware, and each of CMP and NECEC LLC is qualified to do business in each other jurisdiction where the failure to so qualify would have a material adverse effect on CMP and NECEC LLC;
- (ii) CMP has all requisite corporate power and authority, and NECEC LLC has all requisite limited liability company power and authority, necessary to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder, and to consummate the transactions contemplated hereby, and this Agreement has been duly executed and delivered by each of CMP and NECEC LLC; and each of CMP and NECEC LLC is directly or indirectly a subsidiary of Avangrid, Inc.;

- (iii) Assuming the due authorization, execution and delivery of this Agreement by HQUS, this Agreement constitutes CMP's and NECEC LLC's legal, valid and binding obligation, enforceable against each of them in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization and other laws of general application relating to or affecting creditors' rights generally and to general principles of equity (regardless of whether considered in a proceeding in equity or at law);
- (iv) Each of CMP and NECEC LLC has received all necessary governmental and regulatory approvals to enter into this Agreement and to perform its obligations hereunder, and no legal proceeding is pending or, to the knowledge of either of them, threatened against CMP or NECEC LLC or any of their respective affiliates that is reasonably likely to have a material adverse effect on the ability of either of them to enter into or perform its obligations under this Agreement; and
- (v) The execution, delivery and performance of this Agreement by CMP and NECEC LLC does not and will not (A) violate any provisions of its articles of incorporation, bylaws, certificate of formation or other constituent documents, or any applicable law; or (B) violate, or result in any breach of, or constitute any default under, any agreement or instrument to which either of them is a party or by which either of them or any of their respective properties may be bound or affected.

4. Term; Termination. This Agreement shall be in effect for a term commencing on the Effective Date and continuing until the later of (a) the fortieth (40th) anniversary of the COD, or (b) the fulfillment and satisfaction of all of the obligations related to the HQUS Payments under this Agreement, unless earlier terminated:

(a) by mutual written agreement of the Parties with the approval of the GEO, Public Advocate and IECG; or

(b) in the event that the PPAs and the TSAs are properly and permanently terminated prior to the COD for any reason, including but not limited to the failure of one or more required regulatory approvals to be timely obtained or the failure of the COD to occur within the time period prescribed in the PPAs and the TSAs, provided that, if any TSA is replaced by a new TSA between NECEC LLC and HQUS or any of their affiliates providing for functionally equivalent services, this Agreement will be deemed reinstated among the parties to this Agreement and any such affiliates, without any further action being required by any of the parties or said affiliates.

5. Governing Law; Dispute Resolution.

(a) This Agreement and any claim or dispute of whatever nature arising out of or in connection with the subject matter of this Agreement shall be governed by and construed in accordance with the laws of the State of Maine, excluding conflicts of law principles.

(b) Consultation Regarding Disputes Between the Parties.

(i) The Parties shall initially attempt to resolve any dispute regarding compliance with or enforcement of this Agreement (each, a “Dispute”) through consultations between the Parties. Except as expressly provided otherwise in this Agreement, if a Dispute has not been timely resolved pursuant to this clause (i) within fifteen (15) business days after written notice of such Dispute has been given, then any Party may seek to resolve such Dispute in the courts of the State of Maine or a U.S. District Court in the State of Maine and any appellate court from any thereof that has subject matter jurisdiction; The Parties may, by written agreement signed by all Parties, alter any time deadline, location(s) for meeting(s) or procedure outlined herein. The procedure specified herein shall be the sole and exclusive procedure for the resolution of Disputes between the Parties; the resolution of Disputes involving the Third Party Beneficiaries shall be resolved pursuant to Section 8(e).

(ii) All negotiations and consultations pursuant to this Section 5(b) shall be deemed to be confidential and shall be treated as compromise and settlement negotiations, and no evidence with regard to any proposal made during such negotiations or consultations shall be admissible in any other judicial or other proceeding.

(c) Consent to Jurisdiction. Each Party agrees that any legal action or proceeding with respect to or arising out of this Agreement shall be brought in or removed to the courts of the State of Maine or a U.S. District Court in the State of Maine that has subject matter jurisdiction and any appellate court from any thereof. By execution and delivery of this Agreement, each Party hereby accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. For the avoidance of doubt, the Parties expressly waive any claim that the MPUC has jurisdiction over any Dispute, whether filed by said Parties or by Third Party Beneficiaries, arising out of this Agreement or the Guaranty Agreement. The Parties irrevocably consent to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the applicable Party at its respective addresses for notices as specified in Section 8(c). Nothing herein shall affect the right to serve process in any other manner permitted by law. Each Party hereby waives any right to stay or dismiss any action or proceeding under or in connection with this Agreement brought before the foregoing courts on the basis of forum non-conveniens.

(d) WAIVER OF JURY TRIAL. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW,

ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL ACTION, PROCEEDING, CAUSE OF ACTION, OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

6. Limitation of Remedies; Waiver of Immunities.

(a) NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, NO PARTY NOR ANY OF ITS AGENTS, SUBCONTRACTORS, REPRESENTATIVES OR AFFILIATES SHALL BE LIABLE TO ANY OTHER PARTY FOR PUNITIVE, CONSEQUENTIAL, SPECIAL, MULTIPLE, EXEMPLARY, INCIDENTAL OR INDIRECT DAMAGES OF ANY NATURE (EXCEPT AS EXPRESSLY CONTEMPLATED IN THIS AGREEMENT), IN EACH CASE, ARISING OUT OF OR RELATING TO THE PERFORMANCE OF THIS AGREEMENT, AND WHETHER SUCH LIABILITY IS CLAIMED IN CONTRACT OR TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY, WARRANTY, FAILURE OF GOOD UTILITY PRACTICE OR ANY OTHER LEGAL OR EQUITABLE THEORY).

(b) Waiver of Immunities. The Parties acknowledge and agree that this Agreement and the transactions contemplated hereby constitute a commercial transaction. To the extent a Party (including any assignees of a Party's rights or obligations under this Agreement) may be entitled, in any jurisdiction, to claim for itself, or any of its assets, revenues or properties, sovereign or other immunity, as the case may be, from service of process, suit, the jurisdiction of any court or arbitral tribunal, attachment (whether in aid of execution or otherwise) or enforcement of a judgment (interlocutory or final) or award or any other legal process in a matter arising out of or relating to this Agreement, each Party agrees not to claim or assert, and hereby waives, such immunity. Without limiting the generality of the foregoing, each Party agrees that the waivers set forth in this Section 6(b) shall have the fullest scope permitted under the United States Foreign Sovereign Immunities Act of 1976, 28 U.S.C. § 1602 et seq. and under any other applicable law related to sovereign immunity. Nothing in the foregoing shall constitute a waiver by the State of Maine of any immunities it has, all of which are expressly retained.

7. Assignments and Financing.

(a) No Assignment. Except as provided for in Section 7(b) or 7(c), any assignment, transfer or other disposition of, whether to one or more assignee or transferees, all or any portion of any party's rights, interests or obligations under this Agreement, shall require the prior written consent of each other Party and the GEO, MPUC, Public Advocate and IECG, which consent shall not be unreasonably withheld, delayed or conditioned when viewed in light of all reasonable considerations including the security or other financial assurances to be provided by or on behalf of any proposed successor or assign (including the net worth and creditworthiness and capability to perform other obligations of the proposed successor or assign).

(b) Assignment and Assumption Required. In the event that a Party assigns its rights and obligations under the TSAs and the PPAs (to the extent applicable to such Party) the Party shall not be relieved of its obligations hereunder unless it obtains the consent of the other Parties and the GEO, MPUC,

Public Advocate and IECG to assignment of this Agreement as provided in Section 7(a). In such case the Party shall also assign its rights and obligations under this Agreement to the assignee of such TSA and PPA (to the extent applicable) by an instrument of assignment and assumption reasonably acceptable to the other Parties, and the GEO, MPUC, Public Advocate and IECG. In the event that HQUS exercises its rights under the TSAs to acquire the NECEC Transmission Line, HQUS shall concurrently therewith (subject to receipt of the consent any regulatory and third party consents and approvals) assume all obligations of CMP and NECEC LLC arising under this Agreement, the NECEC I and NECEC II Stipulation and the CPCN.

(c) No assignment nor assumption of obligations shall relieve the assignor or original obligor of its obligations under this Agreement, unless assignee assumes in writing all obligations of assignor or the original obligor under this Agreement and the GEO, MPUC, Public Advocate and IECG consents to the assignor or original obligor being relieved of its obligations under this Agreement.

8. Miscellaneous:

(a) Entire Agreement. This Agreement, together with the Exhibits hereto, constitutes the entire agreement and understanding among the Parties with respect to all subjects covered hereby and thereby and supersedes all prior discussions, agreements and understandings among the Parties with respect to such matters.

(b) Severability. In the event any part of this Agreement is held to be illegal, invalid or unenforceable to any extent, the legality, validity and enforceability of the remainder of this Agreement shall not be affected thereby, and shall remain in full force and effect and shall be enforced to the greatest extent permitted by applicable law. With respect to any provision found to be illegal, invalid or unenforceable, the Parties shall endeavor to replace such invalid, illegal or unenforceable provision with the valid, legal and enforceable provision that achieves, as nearly as practicable, the commercial intent of this Agreement (as it may be amended from time to time).

(c) Notices. All notices, billings, requests, demands, waivers, consents and other communications under this Agreement shall be in writing and shall be effective (i) upon personal delivery thereof, including by overnight mail or courier service, with a record of receipt, or (ii) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, upon the fourth (4th) day after mailing. A notice given in connection with this Section 8(c) but received on a day other than a business day, or after business hours at the location of receipt, shall be deemed to be received on the next business day.

If to CMP:

Central Maine Power Company
Attn: Douglas Herling, President & CEO
83 Edison Drive
Augusta, Maine 04330

If to NECEC LLC:

NECEC Transmission LLC
Attn: Thorn C. Dickinson
One City Center, 5th floor
Portland ME 04101
Email: thorn.dickinson@avangrid.com

With a copy of any such notice to CMP or NECEC LLC to:

Avangrid
Attn: Legal Department
162 Canco Road,
Portland, Maine 04103

And with a further copy of any such notice to CMP or NECEC LLC to:

Pierce Atwood LLP
Attn: Jared des Rosiers
254 Commercial Street
Portland ME 04101

If to HQUS:

H.Q. Energy Services (U.S.) Inc.
75 René-Lévesque boulevard West, 18th Floor
Montréal, Québec, Canada H2Z 1A4
Attention of: President

With a copy of any such notice to HQUS to:

Hydro-Québec – Legal Affairs
75 René-Lévesque boulevard West, 4th Floor
Montréal, Québec, Canada H2Z 1A4
Attention of: Nicolas Leblanc, Director – Commercial Projects and Strategic Alliances

And with a further copy of any such notice to HQUS to:

Eaton Peabody
Attn: President
80 Exchange Street
Bangor, ME 04401

Any such notices shall be copied to the GEO, MPUC, Public Advocate and IECG at:

To the State of Maine acting through the Governor's Energy of Office:

State of Maine
Governor's Energy Office
62 State House Station
Augusta, Maine 04333-0062
Attn: Legal

To the Maine Public Utilities Commission:

Maine Public Utilities Commission
Administrative Director
18 State House Station
Augusta, Maine 04333-0018

To the Maine Public Advocate:

Maine Public Advocate
Office of the Public Advocate
112 State House Station
Augusta, Maine 04333-0112

To the Industrial Energy Consumer Group:

Industrial Energy Consumer Group
c/o Anthony W. Buxton
Preti Flaherty
PO Box 1058
Augusta, Maine 04332

or at such other address as NECEC LLC, CMP, HQUS, GEO, MPUC, Public Advocate or IECG may designate by ten (10) days advance written notice to the parties to this Agreement and to the other parties required to be copied by this Agreement.

(d) Waiver; Cumulative Remedies. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but such waiver shall not be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition and, in the case of a waiver of all or a material provision in Sections 1, 2, 4 and 7, approved by the State of Maine acting through the GEO. No waiver by any Party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be, or construed as, a subsequent waiver of, or estoppel with respect to, the same or any other term or by applicable law. The failure of or delay on the part of any Party to enforce or insist upon compliance with or strict performance of any term or condition of this Agreement, or to take advantage

of any of its rights thereunder, shall not constitute a waiver or relinquishment of any such terms, conditions, or rights, but the same shall be and remain at all times in full force and effect. Except as otherwise provided herein, the remedies provided in this Agreement are cumulative and not exclusive of any remedies provided by law or in equity.

(e) Third Party Beneficiaries. The following are express Third Party Beneficiaries of this Support Agreement with respect to the specific obligations of prompt payment of amounts required to be paid to the Funds pursuant to this Agreement: the Public Advocate, the GEO, the IECG, Conservation Law Foundation (“CLF”), Acadia Center, Western Mountains & Rivers Corporation, City of Lewiston, Maine State Chamber of Commerce, International Brotherhood of Electrical Workers and Friends of Maine Mountains. The status of each of the Third Party Beneficiaries under this Support Agreement shall be consistent with and to the extent of such Party’s status as a party-in-interest to the particular Funds to which it is designated a party-in-interest to which HQUS or any party assuming an obligation of HQUS is obligated to make HQUS Payments under this Support Agreement.

If CMP or NECEC LLC do not comply with their obligations under this Support Agreement or if HQUS does not timely make any HQUS Payment when and as required under this Support Agreement within fifteen (15) days after notice of non-payment given by any Party or Third Party Beneficiary and CMP or NECEC LLC declines to or fails to take prompt action to enforce the Support Agreement against that party, then the Party or Third Party Beneficiaries shall have the right to enforce this Support Agreement in accordance with the notice requirement below (i) if a Party or if a Third Party Beneficiary who is the GEO, Public Advocate or IECG, or (ii) otherwise, only to the extent that such Third Party Beneficiary who seeks enforcement of this Support Agreement is identified as a party-in-interest in this Support Agreement with respect to the particular Fund which was to have received the HQUS Payment under the terms of this Support Agreement. Notwithstanding the foregoing, the GEO, Public Advocate and IECG shall be considered parties-in-interest with respect to all obligations and Funds identified this Support Agreement. Any claim by a Third Party Beneficiary with respect to the enforcement of the obligations of HQUS under this Support Agreement shall be brought in a court of the State of Maine or a U.S. District Court in the State of Maine and any appellate court from any thereof that has subject matter jurisdiction. A Third Party Beneficiary may file any action to enforce this Support Agreement with the court after such Third Party Beneficiary provides at least fifteen (15) days’ prior written notice to the Parties and the other Third Party Beneficiaries of its intent to bring such action (which 15 days may run concurrently with the cure period following notice of non-payment to HQUS). For the avoidance of doubt, the requirement of notice to Third Party Beneficiaries shall not apply to any action brought by CMP, NECEC LLC, Hydro-Québec, or HQUS with respect to this Support Agreement or the Guaranty Agreement. Notwithstanding any limitation above regarding which Third Party Beneficiaries may enforce this Support Agreement with respect to particular payments, in the event where an issue exists with respect to the overall legal effect, binding nature or enforceability of this Support Agreement, any Third Party Beneficiary may bring an action to establish or protect the enforceability of this Support Agreement or join in the defense of any action challenging the enforceability of this Support Agreement. The enforcement of rights, including enforcement rights, which are created by this Agreement shall be conducted in accordance with this paragraph. This limitation shall

not apply to the enforcement of rights or legal obligations created by or arising under any other agreement, contract, stipulation or other legally binding obligation. The Parties agree that the MPUC's approval of this Agreement as part of MPUC Docket No. 2019-00179 shall not be interpreted to supersede or override the beneficiary rights under this Support Agreement, the Avangrid Guaranty or the Hydro-Québec Guaranty.

(f) Permitted Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each of the Parties and Third Party Beneficiaries and their respective successors, legal representatives and permitted assigns.

(g) Consent or Approval Under this Agreement. Where the terms of this Agreement require the consent or approval of the Parties or Third Party Beneficiaries to this Agreement, such consent or approval shall not be unreasonably denied, withheld, conditioned or delayed.

(h) Relationship of the Parties. This Agreement shall not be construed as creating an association, joint venture, trust or partnership between the Parties or as imposing any partnership obligation or liability upon any Party. No Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, any other Party.

(i) Construction. No presumption shall operate in favor of or against any Party as a result of any responsibility for drafting this Agreement.

(j) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument. The Parties acknowledge and agree that any document or signature delivered by facsimile or electronic transmission shall be deemed to be an original executed document for all purposes hereof.

(k) Survival. The provisions of Sections 3 through 6 shall survive the expiration or earlier termination of this Agreement.

(k) Language. All notices, requests, demands, waivers, consents and other communications among the Parties under this Agreement shall be conducted in English.

(l) Currency. All references in this Agreement to "Dollars" or "\$" shall be deemed to refer to U.S. dollars.

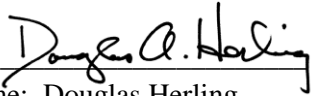
(m) Headings. The headings of the articles and sections of this Agreement are inserted for purposes of convenience only, and shall not be construed to affect the meaning or construction of any of the provisions hereof.

(n) Disclaimer. Neither the grant, nor acceptance, nor exercise of third party beneficiary rights under this Agreement gives rise to nor constitutes acceptance of any obligation or duty of care to any other person or party with respect to the exercise of said rights.

[Signature page follows]


IN WITNESS WHEREOF, the Parties have caused their representatives to execute and deliver this Support Agreement as of the date set forth above.

Central Maine Power Company

By: 
Name: Douglas Herling
Title: President & CEO

H.Q. Energy Services (U.S.) Inc.

By: _____
Name: David Murray
Title: Chairman of the Board and President

By: 
Name: Eric N. Stinneford
Title: Vice President, Controller & Treasurer

NECEC Transmission LLC

By: _____
Name: Thorn C. Dickinson
Title: President & CEO

NECEC Transmission LLC

By: _____
Name: Robert Fitzgerald, Jr.
Title: Vice President, Controller & Treasurer –
Avangrid Service Company

IN WITNESS WHEREOF, the Parties have caused their representatives to execute and deliver this Support Agreement as of the date set forth above.


Central Maine Power Company

By: _____

Name: Douglas Herling

Title: President & CEO

H.Q. Energy Services (U.S.) Inc.

By:  _____

Name: Martin Imbleau

Title: Chairman of the Board and President

By: _____

Name: Eric N. Stinneford

Title: Vice President, Controller & Treasurer

NECEC Transmission LLC

By: _____

Name: Thorn Dickinson

Title: President & CEO

NECEC Transmission LLC

By: Avangrid Service Company

By: _____

Name: Robert Fitzgerald, Jr.

Title: Vice President, Control & Treasurer

IN WITNESS WHEREOF, the Parties have caused their representatives to execute and deliver this Support Agreement as of the date set forth above.

Central Maine Power Company

H.Q. Energy Services (U.S.) Inc.

By: _____

By: _____

Name: Douglas Herling

Name: David Murray

Title: President & CEO

Title: Chairman of the Board and President

By: _____

Name: Eric N. Stinneford

Title: Vice President, Controller & Treasurer

NECEC Transmission LLC

NECEC Transmission LLC

By:  _____

Name: Thorn C. Dickinson

Title: President & CEO

By:  _____

Name: Robert Fitzgerald, Jr.

Title: Vice President, Controller & Treasurer
Avangrid Service Company

EXHIBIT A – HQ Guaranty Agreement



Hydro-Québec

75, boulevard René-Lévesque ouest
5^{ème} étage
Montréal, Québec, Canada
H2Z 1A4

CONVENTION DE CAUTIONNEMENT

La présente convention de cautionnement (« Cautionnement »), portant la date du 29 décembre 2020, est conclue entre **Hydro-Québec**, société dûment constituée et régie par la Loi sur Hydro-Québec (L.R.Q., chapitre H-5) ayant son siège social et son principal lieu d'affaires au 75, boulevard René-Lévesque Ouest, Montréal, Québec, Canada, H2Z 1A4 (ci-après appelée « Caution »), en faveur de **Central Maine Power Company**, société dûment constituée en vertu des lois de l'état du Maine, ayant son principal lieu d'affaires au 83 Edison Drive, Augusta ME 04336, États-Unis d'Amérique (ci-après appelée « CMP »), et **NECEC Transmission LLC**, une société à responsabilité limitée dûment organisée en vertu des lois de l'état du Delaware, ayant un bureau au One City Center, Portland, Maine, 04101 (ci-après appelée « NECEC LLC » et conjointement avec CMP et les Tierces Parties Bénéficiaires (ci-après défini), les « Bénéficiaires »).

ATTENDU QUE H.Q. ENERGY SERVICES (U.S.) INC., société créée en vertu des lois de l'état du Delaware, ayant son lieu d'affaires au 225 Asylum Street, 27th étage, Hartford, CT 06103 (ci-après appelée « HQUS »), filiale en propriété indirecte de la Caution, a signé une convention de soutien, à la même date ou une date proche, entre HQUS, CMP et NECEC LLC (ci-après appelée la « Convention ») qui s'attache à l'obtention par CMP d'un certificat d'utilité publique et de nécessité (le « CPCN ») de la commission des services publics du Maine (la « Commission ») concernant le projet planifié de transport New England Clean Energy Connect ayant une capacité de livrer 1 200 MW d'électricité du Québec, Canada jusqu'à la zone de réglage de la Nouvelle-Angleterre;

ATTENDU QUE la Caution bénéficiera directement ou indirectement de la Convention ;

ATTENDU QUE les conditions en date du 21 février 2019 déposées à la Commission dans le dossier No. 2017-00232 (les « Conditions ») et la décision de la Commission en date du 3 mai 2019 dans le dossier No. 2017-00232 octroyant un CPCN pour NECEC et approuvant les Conditions (la « Décision CPCN ») requiert que la Caution garantisse inconditionnellement toutes les obligations de paiement qui incombent à HQUS en vertu de la Convention;

GUARANTY AGREEMENT

This Guaranty Agreement (« Guaranty »), dated as of December 29, 2020, is made and entered into by **Hydro-Québec**, a body politic and corporate, duly incorporated and regulated by Hydro-Québec Act (R.S.Q., chapter H-5) and having its head office and principal place of business at 75, René-Lévesque Boulevard West, Montréal, Québec, Canada, H2Z 1A4, (hereinafter referred to as the « Guarantor »), in favor of **Central Maine Power Company**, a corporation duly organized under the laws of the State of Maine, having its principal place of business at 83 Edison Drive, Augusta ME 04336, United States of America, (hereinafter referred to as « CMP »), and **NECEC Transmission LLC**, a limited liability company duly organized under the laws of the State of Delaware, having an office at One City Center, Portland, Maine, 04101, (hereinafter referred to as « NECEC LLC » and, together with CMP and the Third Party Beneficiaries (as defined below), as the « Beneficiaries »).

WHEREAS H.Q. ENERGY SERVICES (U.S.) INC., a corporation created under the laws of the State of Delaware, having its place of business at 225 Asylum Street, 27th Floor, Hartford, CT 06103, (hereinafter referred to as « HQUS »), an indirectly owned subsidiary of the Guarantor, has executed a Support Agreement, dated of near or even date herewith, among HQUS, CMP, and NECEC LLC (hereinafter referred to as the « Agreement ») incident to CMP obtaining a Certificate of Public Convenience and Necessity (the « CPCN ») from the Maine Public Utilities Commission (the « Commission ») with respect to the planned New England Clean Energy Connect transmission project (« NECEC ») capable of delivering 1,200 MW of electricity from Québec, Canada to the New England Control Area;

WHEREAS the Guarantor will directly or indirectly benefit from the Agreement;

WHEREAS the February 21, 2019 Stipulation filed in Commission Docket No. 2017-00232 (« Stipulation ») and the Commission's May 3, 2019 Order in Docket No. 2017-00232 Granting a CPCN for the NECEC and Approving the Stipulation (« CPCN Order ») requires that the Guarantor unconditionally guarantee all payment obligations of HQUS under the Agreement;

ATTENDU QUE HQUS en vertu de l'article 1(a)(iv) de la Convention doit pourvoir au Paiement HQUS NECEC (tel que défini à la Convention) pour un montant total de \$140,000,000 sur une période de 40 ans qui sera alloué au NECEC Low Income Escrow, le NECEC Rate Relief Escrow et au NECEC LLC Escrow (les « Fonds »);

ATTENDU QUE l'obligation de la Caution de garantir les obligations de paiement d'HQUS quant aux Fonds est sous réserve de la somme maximale prévue à l'article 2 du présent Cautionnement ;

EN CONSÉQUENCE, eu égard à ce qui précède, la Caution s'entend avec les Bénéficiaires sur ce qui suit :

Article 1. Tierces Parties Bénéficiaires. Les Tierces Parties Bénéficiaires du présent Cautionnement sont les suivantes: Maine Office of the Public Advocate (l'"OPA"), the State of Maine agissant par le Governor's Energy Office (le "GEO"), l'Industrial Energy Consumer Group ("IECG"), Conservation Law Foundation ("CLF"), Acadia Center, Western Mountains & Rivers Corporation, City of Lewiston, Maine State Chamber of Commerce, International Brotherhood of Electrical Workers et Friends of Maine Mountains. La Caution reconnaît et accepte que les Bénéficiaires, incluant les Tierces Parties Bénéficiaires, peuvent faire valoir leurs droits tel qu'établis aux présentes.

Article 2. Cautionnement à l'égard du paiement. La Caution garantit absolument, irrévocablement et inconditionnellement le prompt paiement à l'échéance de chacun des paiements HQUS NECEC au Fonds (tel que défini à la Convention); toutefois, la responsabilité qui incombe à la Caution en vertu du présent Cautionnement est limitée dans son ensemble à la Somme Globale (telle que définie ci-dessous) concernant le Fonds, majorée de tous les frais raisonnables engagés par l'un ou l'autre des Bénéficiaires pour faire valoir ses droits contre la Caution en vertu du présent Cautionnement, y compris les honoraires d'avocats, frais de justice et coûts semblables. À l'égard du Fonds, la « Somme Globale » est de US\$140,000,000 débutant à la Date du premier Paiement suivant l'émission des permis (tel que défini à la Convention) qui sera réduite à la date des paiements établie à l'annexe A jointe au présent Cautionnement seulement au moment de la satisfaction des conditions suivantes: (a) tous les paiements dus et payables au Fonds par HQUS en vertu de l'article 1(a) de la Convention sont irrévocables et complets jusqu'à la date anniversaire correspondante décrite à l'annexe A; et (b) les Bénéficiaires ont reçus un certificat signé par le directeur financier, le trésorier ou un autre dirigeant responsable de la Caution attestant aux Bénéficiaires que tous les paiements dûs et payables au Fonds par HQUS en vertu de l'article 1(a) de la Convention jusqu'à la date anniversaire correspondante décrite à

WHEREAS HQUS has committed under the terms of the Section 1(a)(iv) of the Agreement to provide HQUS NECEC Payments (as defined in the Agreement) in the aggregate amount of \$140,000,000 over a period of 40 years to be allocated to the NECEC Low Income Escrow, the NECEC Rate Relief Escrow, and the NECEC LLC Escrow (<<Fund>>);

WHEREAS Guarantor's obligation to guarantee HQUS' payment obligation with respect to the Fund is subject to a maximum dollar limitation as provided in Section 2 of this Guaranty;

NOW THEREFORE, in consideration of the premises, the Guarantor hereby agrees as follows:

Section 1. Third Party Beneficiaries. The Third Party Beneficiaries of this Guaranty Agreement are as follows: the Maine Office of the Public Advocate (the "OPA"), the State of Maine acting through the Governor's Energy Office ("GEO"), the Industrial Energy Consumer Group ("IECG"), Conservation Law Foundation ("CLF"), Acadia Center, Western Mountains & Rivers Corporation, City of Lewiston, Maine State Chamber of Commerce, International Brotherhood of Electrical Workers and Friends of Maine Mountains. The Guarantor acknowledges and agrees that the Beneficiaries including the Third Party Beneficiaries shall have the rights to enforce this Guaranty as set forth herein.

Section 2. Payment Guaranty. The Guarantor absolutely, irrevocably, and unconditionally guarantees the prompt payment when due of each of the HQUS NECEC Payments to the Fund (as defined in the Agreement), provided that the liability of the Guarantor under this Guaranty shall be limited in the aggregate to the Maximum Amount (as hereinafter defined) with respect to the Fund plus all reasonable expenses incurred by any Beneficiary to enforce its rights against the Guarantor under this Guaranty including, without limitation, attorneys' fees, court costs and similar costs. The initial "Maximum Amount" with respect to the Fund is US\$140,000,000 commencing on the first Payment Date following Permit Issuance (as those terms are defined in the Agreement) and shall be reduced on and as of each Payment Date as set forth in Attachment A to this Guaranty only upon the satisfaction of the following conditions: (a) all payments then due and payable to the Fund by HQUS pursuant to Section 1(a) of the Agreement up to and as of the corresponding anniversary date set forth in Attachment A have been indefeasibly made in full; and (b) the Beneficiaries shall have received an Officer's Certificate executed by the Chief Financial Officer or Treasurer or other responsible officer of the Guarantor certifying to the Beneficiaries that all payments then due and payable to the Fund by HQUS pursuant to Section 1(a) of the Agreement up to and as of the corresponding anniversary date set forth in Attachment A have been indefeasibly made in full. In addition, the Maximum Amount

l'annexe A sont irrévocables et complets. De plus, la Somme Globale sera réduite par le montant (s'il y a lieu) des paiements d'HQUS NECEC: qui sont soient (A) satisfait par la saisie par le GEO, Public Advocate ou IECG des fonds pour un montant égal aux paiements autrement exigibles et payables à HQUS en vertu du contrat d'approvisionnement qui doit intervenir au plus tard le 31 décembre 2021 pour la livraison d'énergie en utilisant la ligne de transport NECEC conformément à la garantie du GEO, du Public Advocate et de l'IECG (tel que prévu à l'article 1(c) de la Convention) ou (B) devant être payés par NECEC LLC en vertu du troisième paragraphe de l'article 1(a)(iv) de la Convention, et le certificat du dirigeant HQ n'est pas requis de certifier ces montants, à la condition qu'au moins une des conditions suivantes soit satisfaite : (x) NECEC LLC a confirmé par écrit au Tierces Parties Bénéficiaires concernées qu'il est responsable du Paiement HQUS NECEC applicable; (y) NECEC LLC a payé le Paiement HQUS NECEC concerné au Dépositaire légal, tel que confirmé par écrit par le Dépositaire légal; ou (z) une décision finale et sans appel d'un tribunal compétent a conclu que NECEC LLC est responsable du Paiement d'HQUS NECEC applicable.

Chacun des Bénéficiaires reconnaît que l'obligation d'HQUS en vertu de la Convention est de faire chacun des paiements HQUS NECEC à l'égard du Fonds en versant des paiements au Dépositaire légal pour le Fonds désigné, et sur paiement irrévocable et complet de chacun des Paiements HQUS NECEC conformément à la Convention, les obligations d'HQUS à l'égard de ce paiement et l'obligation de la Caution à l'égard de ce paiement seront entièrement acquittées.

Nonobstant ce qui précède, si un paiement ou montant payé sur toute obligation d'HQUS à l'agent fiduciaire doit être rendu par l'agent fiduciaire pour quelque raison que ce soit, la Caution demeure responsable pour le paiement de ce montant rendu comme si le paiement n'avait jamais été effectué et toute réduction de la Somme Globale à l'égard de ce montant rendu doit être rescindé dans la mesure des sommes rendus.

Article 3. Nature du Cautionnement. Les obligations qui incombent à la Caution en vertu des présentes ne doivent pas excéder la Somme Globale (plus les coûts d'exécution ci-dessus). La présente Caution est une garantie de paiement et non de collection. Les Bénéficiaires ne sont pas requis de poursuivre ou épuiser leurs recours contre HQUS, ou ses successeurs, ou contre tout autre partie responsable du paiement des obligations d'HQUS, qu'il s'agisse d'un responsable, d'un garant, ou autrement, ou contre une propriété ou des actifs grevés d'une hypothèque ou d'un nantissement, mais au moment d'un non-paiement (à la suite d'un avis en vertu de la Convention) les Bénéficiaires peuvent immédiatement demander et exiger le paiement contre la Caution en vertu du présent Cautionnement. La

shall be reduced by the amount (if any) of the HQUS NECEC Payments: that are either (A) satisfied by foreclosure by the GEO, Public Advocate or IECG of funds in an amount equal to the payments otherwise due and payable to HQUS under a power purchase agreement to be entered into by December 31, 2021 for the delivery of energy using the NECEC Transmission Line pursuant to security interest of the GEO, Public Advocate and IECG (as provided in Section 1(c) of the Agreement) or (B) required to be paid by NECEC LLC pursuant to the third paragraph of Section 1(a)(iv) of the Agreement, and the HQ Officer's Certificate need not certify to those amounts, provided that at least one of the following conditions have been satisfied: (x) NECEC LLC has confirmed in writing to the applicable Third Party Beneficiaries that it is responsible for the applicable HQUS NECEC Payment; (y) NECEC LLC has paid the applicable HQUS NECEC Payment to the Escrow Agent as confirmed in writing by the Escrow Agent; or (z) there is a final non-appealable order from a court of competent jurisdiction finding that NECEC LLC is liable for the applicable HQUS NECEC Payment.

Each of the Beneficiaries acknowledges that the obligation of HQUS under the Agreement is to make each of the HQUS NECEC Payments with respect to the Fund by making payment to the Escrow Agent for the named Fund, and upon indefeasibly making each HQUS NECEC Payment in full as provided in the Agreement, the obligation of HQUS with respect to said payment and the obligation of Guarantor with respect to said payment shall be fully and finally discharged.

Notwithstanding any of the foregoing, if any payment or amount paid on any obligation of HQUS to the Escrow Agent must be returned by the Escrow Agent for any reason, the Guarantor shall remain liable hereunder for payment of such returned amounts as though they had never been so paid or applied and any reduction in the Maximum Amount with respect to such returned amounts shall be rescinded to the extent thereof.

Section 3. Nature of Guarantee. The Guarantor's obligations hereunder shall not exceed the Maximum Amount (plus costs of enforcement as set forth above). This is a guaranty of payment and not of collection. The Beneficiaries shall not be required to pursue or to exhaust their remedies against HQUS, or its successors, or against any other party liable for payment of any obligation of HQUS, whether maker, guarantor, or otherwise, or against any property or assets mortgaged or pledged as security therefor, but upon nonpayment thereof (following notice pursuant to the Support Agreement) may immediately demand and enforce payment from the Guarantor pursuant to this Guaranty. The Guarantor hereby waives demand, notice and protest, and waives recourse to all suretyship and guarantorship defenses

Caution renonce par les présentes à une demande, un avis et un protêt et renonce tout recours relatif aux défenses de la caution et du garant en général et accepte que la responsabilité de la soussignée ne soit affectée d'aucune manière par la libération d'un sûreté ou par l'octroi d'une indulgence par un Bénéficiaire à toute partie responsable pour le paiement de toute obligation garantie en vertu des présentes, ou à tout autre caution, ou à toute autre partie; la responsabilité de la soussignée ne sera affectée d'aucune manière par le défaut, l'incapacité ou la négligence d'un Bénéficiaire à prendre action, à réaliser ou obtenir toute sûreté, droit, endossement ou garantie relative auxdites obligations garanties par les présentes; non plus que la responsabilité de la soussignée ne sera affectée par toute fraude, faillite, action FERC exonérant HQUS de sa responsabilité de faire des paiements HQUS, ou, autrement, limitant la responsabilité d'HQUS de faire ces paiements, ou de toute autre façon; La Caution par les présentes accepte de renoncer à toutes les manières de quelque nature que ce soit suivant lesquelles la Caution pourrait être libérée, en tout ou en partie, des présentes obligations, l'intention des présentes étant que la Caution en tout temps soit et demeure responsable des présentes dans la même mesure que si la Caution était conjointement et solidairement responsable avec HQUS pour le paiement de toutes les obligations garanties, sous réserves des avis de défaut ou demande et périodes de grâce tel que convenu dans la Convention.

Article 4. Consentements, renonciations et renouvellements. La Caution convient que CMP ou NECEC LLC, sous réserves du consentement du MPUC, de l'état du Maine agissant par l'intermédiaire du GEO, de l'OPA et de l'IECG, lequel consentement ne devant pas être refusé de façon déraisonnable, retenu, sujet à une condition ou retardé, peut en tout temps, soit avant ou après l'échéance, sans donner d'avis à la Caution ou obtenir d'autre consentement de celle-ci, prolonger le délai de paiement d'obligations de paiement découlant de la Convention, échanger ou remettre toute sûreté donnée à leur égard ou encore renouveler la Convention, et qu'ils peuvent également conclure toute entente avec HQUS ou avec toute autre partie aux obligations prévues à la Convention, toute personne responsable à l'égard de ces obligations ou toute personne ayant un intérêt dans celles-ci, relativement au prolongement, au renouvellement, au paiement, à la décharge ou à la libération de ces obligations ou encore à la conclusion d'un compromis visant celles-ci, en tout ou en partie, ou relativement à toute modification des conditions y afférentes ou des conditions de toute convention passée entre l'un ou l'autre des Bénéficiaires et HQUS ou n'importe laquelle de ces autres parties ou personnes, sans affecter le présent Cautionnement de quelque manière que ce soit. La Caution convient que les Bénéficiaires peuvent recourir à elle pour le paiement des obligations découlant de la Convention, que l'un ou l'autre des Bénéficiaires ait ou non recouru à une sûreté accessoire

generally and agrees that the liability of the undersigned hereunder shall not be affected in any way by any release of security or by the granting of any indulgence by a Beneficiary to any party liable for payment of any obligations guaranteed hereby, or to any other guarantor thereof, or to any other party; nor shall the liability of the undersigned be affected in any way by any failure, inability or neglect of a Beneficiary to take any action with respect to, to realize upon or to obtain, any security, rights, endorsements or guaranties relating to any of said obligations guaranteed hereby; nor shall the liability of the undersigned be affected by any fraud, bankruptcy, FERC action that relieves HQUS of responsibility for making any HQUS Payments, or otherwise limits HQUS's responsibility for making such payments, or by any other matter; the Guarantor hereby meaning to waive any and all matters whatsoever whereby the Guarantor would or might be released, in whole or in part, from the obligations hereof, it being the intent hereof that the Guarantor at all times be and remain liable hereunder to the same extent as if the Guarantor were jointly and severally liable with HQUS hereunder for payment of all of the guaranteed obligations, subject to notice of default or demand and cure periods as set forth in the Agreement and herein.

Section 4. Consents, Waivers and Renewals. The Guarantor agrees that CMP or NECEC LLC, subject to the consent of the MPUC, State of Maine acting through the GEO, the OPA and IECG, such consent not to be unreasonably denied, withheld, conditioned or delayed, may at any time and from time to time, either before or after maturity thereof, without notice to or further consent of the Guarantor, extend the time of payment of any payment obligations under the Agreement, exchange or surrender any collateral therefor, or renew the Agreement, and may also make any agreement with HQUS or with any other party to, or person liable for, or any of the obligations contemplated in the Agreement, or interested therein, for the extension, renewal, payment, compromise, discharge or release thereof, in whole or in part, or for any modification of the terms thereof or of any agreement between any Beneficiary and HQUS or any such other party or person, without in any way impairing or affecting this Guaranty. The Guarantor agrees that the Beneficiaries may resort to the Guarantor for payment in virtue of the Agreement, whether or not the Beneficiaries shall have resorted to any collateral security, or shall have proceeded against any other obligor principally or secondarily obligated with respect to any of the obligations in virtue of the Agreement.

ou qu'il ait ou non exercé un recours contre tout autre débiteur principal ou secondaire de n'importe laquelle des obligations découlant de la Convention.

Article 5. Subrogation. Dans tous les cas, y compris l'insolvabilité d'HQUS, la Caution n'exercera aucun droit qu'elle peut acquérir par voie de subrogation tant que toutes les sommes dues par HQUS aux Bénéficiaires en vertu de la Convention n'auront pas été payées intégralement. Sous réserve de ce qui précède, sur paiement irrévocable de toutes les obligations liées à la Convention, la Caution sera subrogée dans les droits des Bénéficiaires contre HQUS et les Bénéficiaires s'engagent à prendre, aux frais de la Caution, les mesures que la Caution pourra raisonnablement leur demander de prendre pour faire valoir cette subrogation.

Article 6 Droits cumulatifs. Aucune omission de la part des Bénéficiaires d'exercer tout droit, recours ou pouvoir conféré par les présentes, et aucun retard à le faire ne constituent une renonciation à cet égard, et l'exercice unique ou partiel par les Bénéficiaires d'un droit, recours ou pouvoir quelconque conféré par les présentes n'empêche pas l'exercice ultérieur de tout droit, recours ou pouvoir. Tous et chacun des droits, recours et pouvoirs qui sont conférés par les présentes aux Bénéficiaires ou dont ceux-ci peuvent se prévaloir en vertu de la loi ou d'une autre convention sont cumulatifs et non exclusifs, et ils peuvent être exercés par les Bénéficiaires de temps à autre.

Article 7. Renonciation aux avis. La Caution renonce à l'avis d'acceptation du présent Cautionnement, ainsi qu'à tout avis de refus, de présentation et de demande, à tout avis d'exercice d'un droit et à tous autres avis, quels qu'ils soient, sauf comme il est indiqué à l'article 9.

Article 8. Déclarations et garanties.

La Caution fait les déclarations et donne les garanties suivantes :

- a) Elle est une société dûment organisée, elle existe valablement, elle est en règle en vertu des lois du territoire où elle a été constituée en société et elle a en tant que société tous les pouvoirs nécessaires pour signer, livrer et exécuter le présent Cautionnement.
- b) La signature, la livraison et l'exécution du Cautionnement ont été et demeurent dûment autorisées par toutes les mesures nécessaires de la part de la Caution et ne violent aucune disposition de la loi ou de ou des documents constitutifs de la Caution ni aucune restriction contractuelle liant la Caution ou ses actifs. La Caution a reçu toutes les approbations réglementaires applicables.
- c) Le Cautionnement constitue l'obligation juridique, valide et exécutoire de la Caution et il est susceptible d'exécution contre la Caution conformément à ses

Section 5. Subrogation. In any case, including HQUS's insolvency, the Guarantor will not exercise any rights, which it may acquire by way of subrogation, before all amounts due from HQUS under the Agreement shall have been paid in full. Subject to the foregoing, upon indefeasible payment in full of all the obligations related to the Agreement, the Guarantor shall be subrogated to the rights of the Beneficiaries against HQUS and the Beneficiaries agree to take, at the Guarantor's expense, such steps as the Guarantor may reasonably request to implement such subrogation.

Section 6. Cumulative Rights. No failure on the part of any Beneficiary to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by any Beneficiary of any right, remedy or power hereunder preclude any other future exercise of any right, remedy or power. Each and every right, remedy and power hereby granted to the Beneficiaries or allowed to them by law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by any Beneficiary from time to time.

Section 7. Waiver of Notice. The Guarantor waives notice of the acceptance of this Guaranty, notice of dishonor, presentment and demand, notice of exercise of any right and all other notices whatsoever except as set forth in Section 9.

Section 8. Representations and Warranties.

The Guarantor represents and warrants that:

- a) It is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has full corporate power to execute, deliver and perform this Guaranty.
- b) The execution, delivery and performance of the Guaranty have been and remain duly authorized by all necessary corporate action and do not contravene any provision of law or the Guarantor's constitutional documents or any contractual restriction binding on the Guarantor or its assets. Guarantor has received all applicable regulatory approvals.
- c) The Guaranty constitutes a legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms, subject, as to

conditions, sous réserve, quant à l'exécution, de la législation en matière de faillite, d'insolvabilité et de réorganisation et de toute législation semblable et sous réserve des principes généraux d'équité.

d) Hydro-Québec a fourni aux Bénéficiaires, trente (30) jours avant la date d'entrée en vigueur du présent Cautionnement, une opinion juridique d'un conseiller selon le modèle d'opinion juridique joint à l'annexe B du présent Cautionnement relatif à la légalité et le caractère effectif et exécutoire du cautionnement HQ, sous réserves hypothèses, exceptions et qualifications usuelles. Hydro-Québec a fourni cette opinion juridique aux Bénéficiaires pour que l'opinion juridique soit déposée au dossiers Nos. 2017-00232 et 2019-00179 de la Commission.

Article 9. Exécution. Si HQUS ne se conforme pas à ses obligations conformément à la Convention, en ce cas, à moins que les Bénéficiaires n'aient reçu promptement un avis écrit d'Hydro-Québec à l'effet qu'elle satisfera immédiatement à ces obligations, et qu'elle s'exécute, les Tierces Parties Bénéficiaires auront le droit d'exécuter le présent Cautionnement conformément aux termes des présentes. Tout litige relatif à l'exécution des obligations d'Hydro-Québec en vertu du présent Cautionnement ne peut être commencé par une partie ou une Tierce Partie Bénéficiaire que devant une cour de l'état du Maine ou une cour du U.S. District dans l'état du Maine et toute cour d'appel ayant juridiction en la matière. Une partie ou une Tierce Partie Bénéficiaire peut intenter une action pour exécuter ce Cautionnement seulement, s'il y a lieu, après que cette Tierce Partie Bénéficiaire ait fait parvenir un avis écrit à Hydro-Québec, HQUS, CMP, NECEC LLC, et toutes les autres Tierces Parties Bénéficiaires de son intention déposer une action en cour au moins quinze (15) jours avant d'intenter cette action et seulement si la Caution n'est effectuée pas le paiement pour remédier au défaut d'HQUS dans les quinze (15) jours. Dans le but d'éviter toute équivoque, cette exigence d'un avis aux Tierces Parties Bénéficiaires ne s'applique pas à toute action intentée par CMP, NECEC LLC, Hydro-Québec ou HQUS relativement au présent Cautionnement. Nonobstant toute limitation concernant le pouvoir des Tierces Parties Bénéficiaires d'exécuter le présent Cautionnement, dans l'éventualité où il existe un enjeu relatif à l'ensemble les effets légaux, la nature obligatoire ou le caractère exécutoire du présent Cautionnement, toute Tierce Partie Bénéficiaire peut intenter une action pour établir ou protéger l'exécution du présent Cautionnement ou se joindre en défense à toute action contestant le caractère exécutoire du présent Cautionnement.

Article 10. Faillite, etc. La responsabilité de la Caution en vertu Cautionnement n'est en rien modifiée en cas de faillite, d'insolvabilité, de dissolution ou de liquidation d'HQUS.

enforcement, to bankruptcy, insolvency, reorganization and other similar laws and to general principles of equity.

(d) Hydro-Québec has provided to the Beneficiaries, thirty (30) days prior to the effective date of this Guaranty, a legal opinion of counsel in the form of legal opinion in Attachment B-1 (Eaton Peabody) and Attachment B-2 (Lavery) to this Guaranty Agreement as to the legality, effectiveness and enforceability of the HQ Guaranty, subject to customary qualifications, assumptions and exceptions. Hydro-Québec has provided such legal opinion to the Beneficiaries by causing such legal opinion to be filed in Commission Docket Nos. 2017-00232 and 2019-00179.

Section 9. Enforcement. If HQUS does not comply with its obligations under the Agreement, then, unless the Beneficiaries have received prompt written notice from Hydro-Québec that it will immediately satisfy such obligations, and does so, the Third Party Beneficiaries shall have the right to enforce this Guaranty in accordance with the applicable terms herein. Any dispute with respect to the enforcement of the obligations of Hydro-Québec under this Guaranty shall be brought by a Party or a Third Party Beneficiary in a court of the State of Maine or a U.S. District Court in the State of Maine and any appellate court from any thereof that has subject matter jurisdiction. A Party or a Third Party Beneficiary may file any action to enforce this Guaranty with such court after, if applicable, such Third Party Beneficiary sends written notice to Hydro-Québec, HQUS, CMP, NECEC LLC, and the other Third Party Beneficiaries of its intent to bring such action at least fifteen (15) days' prior to bringing such court action and Guarantor does not make payment to cure the HQUS default within said fifteen (15) days. For the avoidance of doubt, this requirement of notice to Third Party Beneficiaries shall not apply to any action brought by CMP, NECEC LLC, Hydro-Québec, or HQUS with respect to this Guaranty. Notwithstanding any limitation regarding which Third Party Beneficiaries may enforce this Guaranty, in the event where an issue exists with respect to the overall legal effect, binding nature or enforceability of this Guaranty, any Third Party Beneficiary may bring an action to establish or protect the enforceability of this Guaranty or join in the defense of any action challenging the enforceability of this Guaranty.

Section 10. Bankruptcy, Etc. The liability of the Guarantor under this Guaranty shall not be affected because of the bankruptcy, insolvency, dissolution or liquidation of HQUS.

Article 11. Résiliation. La présente garantie de paiement constitue un cautionnement continu en vigueur pendant la durée de la Convention jusqu'à l'exécution intégrale des obligations d'HQUS en vertu de la Convention et au paiement intégral de toutes les obligations.

Article 12. Cession. Aucune des parties ne peut céder ses droits, intérêts ou obligations découlant des présentes à quiconque sans le consentement écrit préalable de la Caution ou du Bénéficiaire, selon le cas. Toutefois, le Bénéficiaire peut céder ses droits, intérêts ou obligations découlant des présentes à un cessionnaire de ses droits en vertu de la Convention advenant une cession permise en vertu de ses dispositions.

Article 13. Avis. Tous les avis et autres communications se rapportant au présent Cautionnement doivent être écrits et être livrés en main propre ou par courrier recommandé (avec demande d'accusé de réception), service de messagerie pour le lendemain et être adressés ou acheminés à l'une des adresses suivantes :

S'ils sont destinés à la Caution :

Hydro-Québec

À l'attention du vice-président Financement, trésorerie et caisse de retraite
75, boulevard René-Lévesque Ouest, 5^e étage
Montréal, Québec, Canada H2Z 1A4

S'ils sont destinés aux Bénéficiaires :

Central Maine Power Company

Eric N. Stinneford
83 Edison Drive
Augusta, Maine 04336

NECEC TRANSMISSION LLC

Bernardo Escudero Morandeira
One City Center
Portland, Maine 04101

TIERCES PARTIES BÉNÉFICIAIRES:

Les adresses de ces Parties sont celles de l'annexe C.

ou à l'adresse aux États-Unis ou au Canada que la Caution ou le Bénéficiaire peut notifier l'autre partie de temps à autre.

Article 14. Ayants droit; lois applicables. Le présent Cautionnement lie la Caution, ses ayants droit et ses cessionnaires, et est régie par et doit être interprétée conformément aux lois de l'état du Maine sans égard aux principes de conflit de loi.

Section 11. Termination. This Guaranty is a guarantee of payment and is a continuing guarantee effective during the term of the Agreement and until complete performance by HQUS of its obligations under the Agreement and indefeasible payment in full of all obligations.

Section 12. Assignment. No Party may assign its rights or interest or delegate its obligations hereunder to any other person without the prior written consent of the Guarantor or the Beneficiaries, as the case may be; provided that a Beneficiary may assign its rights and interest and delegate its obligations under this Guaranty to the assignee of its rights in the Agreement in the event of a permitted assignment thereunder.

Section 13. Notices. All notices or other communications in respect of this Guaranty shall be in writing, and delivered by hand or by registered mail (return receipt requested) or by overnight courier service, and addressed or directed as follows:

If to the Guarantor :

Hydro-Québec

Attention : Vice President Financing, Treasury and Pension Fund
75, boulevard René-Lévesque Ouest, 5^e étage
Montréal, Québec, Canada H2Z 1A4

If to the Beneficiaries :

Central Maine Power Company

Eric N. Stinneford
83 Edison Drive
Augusta, Maine 04336

NECEC Transmission LLC

Bernardo Escudero Morandeira
One City Center
Portland, Maine 04101

THIRD PARTY BENEFICIARIES:

The addresses of such Parties as set forth in Attachment C.

or such address in the United States or Canada as the Guarantor or the Beneficiary may give notice to the other party, from time to time.

Section 14. Successors; Governing Law. This Guarantee shall be binding upon the Guarantor, its successors and permitted assigns, and shall be governed by and construed in accordance with the laws of the State of Maine without regard to its conflict of laws principles.

Article 15. Convention intégrale. Le présent Cautionnement constitue la convention intégrale intervenue entre la Caution et les Bénéficiaires quant à son objet et remplace toutes les conventions et ententes antérieures, écrites ou verbales, entre la Caution et les Bénéficiaires quant à l'objet des présentes.

Article 16. Modifications. Aucune modification apportée aux dispositions du présent Cautionnement ne lie les parties à moins d'avoir été faite par écrit et signée par la Caution et les Bénéficiaires.

Article 17. Cautionnement unique. Nonobstant l'existence de plusieurs copies originales du présent Cautionnement, le présent Cautionnement constitue un acte unique en faveur des Bénéficiaires et les Bénéficiaires ne peuvent tirer un montant qui excède globalement la limite établie à l'article 2 des présentes.

Article 18. Sens juridique de la langue française dans le Cautionnement. Les parties au présent Cautionnement et les Bénéficiaires conviennent que le sens juridique de la version dans la langue française du présent Cautionnement qui doit être donné est le même sens juridique que dans la version de langue anglaise du présent Cautionnement, mais la version anglaise prévaut en cas de variance.

Article 19. Jurisdiction, Renonciation. La Caution convient irrévocablement de se soumettre à la juridiction des cours fédérales ou étatiques situées dans l'état du Maine à l'égard de toute affaire découlant du présent Cautionnement. Dans le but d'éviter toute équivoque, la Caution renonce expressément à toute prétention que la Commission a juridiction sur un conflit, déposé par la Caution, CMP, NECEC LLC ou par les Tierces Parties Bénéficiaires découlant ou relatif au présent Cautionnement. La Caution renonce expressément à l'immunité de juridiction qu'elle pourrait avoir en vertu du présent Cautionnement.

Section 20. Exclusion. Ni l'octroi, ni l'acceptation, ni l'exercice de droit par une tierce partie bénéficiaire en vertu du présent Cautionnement ne donne droit ou constitue un acceptation de quelque obligation ou responsabilité à l'égard d'une autre personne ou partie à l'égard de l'exercice desdits droits.

EN FOI DE QUOI, la Caution partie aux présentes a signé le présent Cautionnement à la date mentionnée ci-dessus.

Section 15. Entire agreement. This Guaranty constitutes the entire agreement of the Guarantor and the Beneficiaries pertaining to the subject matter hereof and supersedes all prior written or oral agreements or understandings between the Guarantor and the Beneficiaries with respect to the subject matter hereof.

Section 16. Amendments. No amendments or modifications of or to any provision of this Guaranty shall be binding until in writing and executed by the Guarantor and the Beneficiaries.

Section 17. Single Guaranty. Notwithstanding the existence of original copies of this Guaranty, this Guaranty constitutes a single instrument in favor of the Beneficiaries and cannot be drawn upon in the aggregate by or on behalf of the Beneficiaries in excess of the limitation set forth in Section 2.

Section 18. Legal Meaning of French Language in Guaranty. The Parties to this Guaranty and the Beneficiaries agree that the legal meaning of the French language version of this Guaranty is intended to be the same as the legal meaning of the English version of this Guaranty, but to the extent of any variance the English version shall prevail.

Section 19. Jurisdiction; Waiver. The Guarantor irrevocably agrees to submit to the jurisdiction of the federal and state courts located in the State of Maine with respect to any matter arising under or relating to this Guaranty. For the avoidance of doubt, Guarantor expressly waives any claim that the Commission has jurisdiction with respect to any Dispute, whether filed by the Guarantor, CMP, NECEC LLC or by Third Party Beneficiaries, arising under or relating to this Guaranty. The Guarantor expressly waives any sovereign immunity it may have with respect to this Guaranty.

Section 20. Disclaimer. Neither the grant, nor acceptance, nor exercise of third party beneficiary rights under this Guaranty gives rise to nor constitutes acceptance of any obligation or duty of care to any other person or party with respect to the exercise of said rights.

IN WITNESS WHEREOF, the Guarantor hereto has executed this Guaranty, as of the date set forth above.

HYDRO-QUÉBEC

Par / By : _____
Nom / Name :

Titre / Title :

Par / By : _____

Nom / Name :

Titre / Title :

Annexe A

Aux fins du présent Cautionnement, la « Somme Globale » signifie une somme de \$140,000,000 pour la période débutant à la date du début de l'exploitation commerciale (tel que ce terme est défini à la Convention). La Somme Globale est réduite au Montant Maximum indiqué ci-dessous vis-à-vis la date anniversaire du début de l'exploitation commerciale :

Anniversaire de la date du début de l'exploitation commerciale / Anniversary of the Commercial Operation Date		Montant Maximum / Maximum Amount (USD)
1 ^{er} Anniversaire	1 st Anniversary	\$136,500,000
2 ^e Anniversaire	2 nd Anniversary	\$133,000,000
3 ^e Anniversaire	3 rd Anniversary	\$129,500,000
4 ^e Anniversaire	4 th Anniversary	\$126,000,000
5 ^e Anniversaire	5 th Anniversary	\$122,500,000
6 ^e Anniversaire	6 th Anniversary	\$119,000,000
7 ^e Anniversaire	7 th Anniversary	\$115,500,000
8 ^e Anniversaire	8 th Anniversary	\$112,000,000
9 ^e Anniversaire	9 th Anniversary	\$108,500,000
10 ^e Anniversaire	10 th Anniversary	\$105,000,000
11 ^e Anniversaire	11 th Anniversary	\$101,500,000
12 ^e Anniversaire	12 th Anniversary	\$98,000,000
13 ^e Anniversaire	13 th Anniversary	\$94,500,000
14 ^e Anniversaire	14 th Anniversary	\$91,000,000
15 ^e Anniversaire	15 th Anniversary	\$87,500,000
16 ^e Anniversaire	16 th Anniversary	\$84,000,000
17 ^e Anniversaire	17 th Anniversary	\$80,500,000
18 ^e Anniversaire	18 th Anniversary	\$77,000,000
19 ^e Anniversaire	19 th Anniversary	\$73,500,000
20 ^e Anniversaire	20 th Anniversary	\$70,000,000
21 ^e Anniversaire	21 th Anniversary	\$66,500,000
22 ^e Anniversaire	22 th Anniversary	\$63,000,000
23 ^e Anniversaire	23 th Anniversary	\$59,500,000
24 ^e Anniversaire	24 th Anniversary	\$56,000,000
25 ^e Anniversaire	25 th Anniversary	\$52,500,000
26 ^e Anniversaire	26 th Anniversary	\$49,000,000
27 ^e Anniversaire	27 th Anniversary	\$45,500,000
28 ^e Anniversaire	28 th Anniversary	\$42,000,000
29 ^e Anniversaire	29 th Anniversary	\$38,500,000
30 ^e Anniversaire	30 th Anniversary	\$35,000,000
31 ^e Anniversaire	31 th Anniversary	\$31,500,000
32 ^e Anniversaire	32 th Anniversary	\$28,000,000
33 ^e Anniversaire	33 th Anniversary	\$24,500,000
34 ^e Anniversaire	34 th Anniversary	\$21,000,000
35 ^e Anniversaire	35 th Anniversary	\$17,500,000
36 ^e Anniversaire	36 th Anniversary	\$14,000,000
37 ^e Anniversaire	37 th Anniversary	\$10,500,000
38 ^e Anniversaire	38 th Anniversary	\$7,000,000
39 ^e Anniversaire	39 th Anniversary	\$3,500,000
40 ^e Anniversaire	40 th Anniversary	\$0

Attachment A

For purposes of this Guaranty, the "Maximum Amount" shall mean an initial amount of \$140,000,000. The Maximum Amount shall be reduced to the Maximum Amount set forth below for each year with interim quarterly reductions on each Payment Date if the conditions set forth in Section 2 of this Guaranty have been satisfied (but subject to the terms of Section 2):

Attachment B - 1

Form of Eaton Peabody Legal Opinion

FOUNDERS

George F. Eaton (1892-1956)
George F. Peabody (1912-1999)
Merrill R. Bradford (1917-2012)
Arnold L. Veague (1915-2003)

80 Exchange Street, P.O. Box 1210
Bangor, Maine 04402-1210
Telephone 207-947-0111
Fax 207-942-3040
eatonpeabody.com

December 29, 2020

Calvin E. True
Bernard J. Kubetz
Bruce B. Hochman
William B. Devoe
Karen A. Huber
P. Andrew Hamilton
Judy A.S. Metcalf
Timothy C. Woodcock
Seth W. Brewster
Gretchen L. Jones
William V. Ferdinand, Jr.
Nathaniel S. Putnam
David C. Pierson
David M. Austin
Matthew S. Raynes
Janna D. Gau
Karen M. Holyoke
Matthew C. Worthen
Daniel S. Pittman
Sarah E. Newell
Sarah L. Reinhart
Michael Tadenev
Jeffrey W. Spaulding
Ryan P. Dumais
Jason C. Barrett
Jonathan A. Pottle
Alfred C. Frawley, III
Edward F. Feibel
John A. Cunningham
Eric C. Marshall
Anne E. O'Donovan
Michael A. Hodgins
Shawn K. Doil
Jeffrey C. Joyce
Meredith M. Maller
Kady S. Huff
Patrick W. Lyons
Alfred J. Falzone III
Micah A. Smart
Rebecca A. LaPierre
Christopher T. Uphouse
Casey M. Olesen
Jack S. Bjorn
Johanna C. Colpritt
Hilary N. Forsley
Charles A. Bloom

Central Maine Power Company
83 Edison Drive, Augusta ME 04336

NECEC Transmission LLC
One City Center, Portland, Maine, 04101

Third Party Beneficiaries listed in Exhibit A
hereto

Re: Hydro-Québec Guaranty Agreement

Ladies and Gentlemen:

We have acted as counsel to H.Q. Energy Services (U.S.) Inc., a Delaware corporation (“HQUS”), and Hydro-Québec, a body politic and corporate, duly incorporated and regulated by Hydro-Québec Act (R.S.Q., chapter H-5) under the laws of Quebec, Canada (“HQ”), in connection with the execution and delivery by HQ of the Guaranty Agreement, dated as of December 29, 2020 (the “Guaranty”) made and entered into by HQ in favor of Central Maine Power and NECEC Transmission LLC and the Third Party Beneficiaries named therein, and the transactions contemplated thereby and referred to therein. This opinion is being delivered in fulfillment of the requirement contained in Section V.D.1.h. and Attachment 17 of the Stipulation filed on July 30, 2020 (the “NECEC II Stipulation”) and approved by the Maine Public Utilities Commission (the “MPUC”) in an Order dated October 20, 2020 in Docket No. 2019-00179 (the “NECEC II Order”), and is to be filed in Maine Public Utilities Commission (“MPUC”) Docket Nos. 2017-00232 and 2019-00179.

In connection with this opinion we have examined an executed copy of the Guaranty, and the opinion letter of Lavery, de Billy dated of even date herewith, as to matters of Quebec law (collectively with the Guaranty, the “Reviewed Documents”). Our diligence for this opinion has been limited to a review of the Reviewed Documents. Except as expressly described herein, we have not undertaken any independent investigation of any factual matters which might be relevant to this opinion and we have made no independent investigation of the records of, or other matters relating to, HQ, HQUS or any other entity. Any opinion or statement herein which is expressed “to our knowledge”, “known to us” or otherwise qualified by words of like import means that only the lawyers currently practicing law with this firm who have had substantive involvement in

OF COUNSEL

Ernest J. Babcock
Daniel G. McKay

Offices in Augusta, Bangor,
Brunswick, Ellsworth
and Portland.

Central Maine Power Company
NECEC Transmission LLC
Third Party Beneficiaries
December 29, 2020
Page 2

representing HQ or HQUS in connection with the subject matter of the opinions set forth herein have no actual knowledge of any facts or information contrary to such opinion or statement. We have not undertaken any independent investigation to determine the existence or absence of any fact, and no inference as to our knowledge of the existence or absence of any fact should be drawn from our representation of HQ or HQUS or the rendering of this letter.

For the purposes of this opinion, we have assumed that all items submitted to us as originals are complete and authentic and all items submitted to us as copies are complete and conform to the original. We have further assumed that the signatures on all executed documents are genuine and that (i) the representations and warranties of HQUS in the Support Agreement, dated as of December 29, 2020 (the "Support Agreement"), among and HQUS, Central Maine Power Company, a Maine corporation ("CMP"), and NECEC Transmission LLC, a Delaware limited liability company ("NECEC"), are true and correct as of the date thereof as to factual matters; (ii) there has not been any fraud, duress, undue influence or material mistake of fact in connection with the transactions contemplated by the Support Agreement or the Guaranty, and there is no agreement, course of prior dealing or other arrangements between or among the parties that would alter the Support Agreement or the Guaranty; (iii) there are no agreements or other understandings between or among the parties that modify the terms of the Support Agreement or the Guaranty; (iv) there has not been a material breach of the obligations of any party to the Support Agreement or the Guaranty such that the performance of HQ or HQUS would be excused; and (v) the Support Agreement and all other documents executed in connection with the transactions contemplated therein are the legal, valid, binding and enforceable obligations of all parties thereto other than HQ or HQUS (subject to the limitations on enforceability described below) and each is in full force and effect, enforceable against all such parties thereto in accordance with the terms thereof.

Based upon the foregoing, we are of the opinion that:

The Guaranty constitutes the valid and binding obligation of HQ, and is enforceable against HQ, in accordance with its terms.

Our opinions set forth above are subject to the following qualifications:

(A) Our opinions expressed above are based on the assumption that HQ has duly authorized and validly executed and delivered the Guaranty under Quebec law, matters which are addressed in the opinion of Lavery, de Billy as to matters of Quebec law. We have not otherwise reviewed or investigated the business of HQ.

(B) Our opinions herein are expressly subject to (x) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, marshaling and other laws and rules of law affecting the enforcement of creditors' rights and remedies generally (including such as may deny giving effect to waivers of debtors' or guarantors' rights, and specifically including the effect of fraudulent conveyance or similar laws on the enforceability HQ's obligations under the Guaranty), and (y) the exercise of judicial discretion in accordance with general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity), including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, and certain remedies provided may be unenforceable, limited or qualified under the laws of the State of Maine, including the possible unavailability of specific performance or injunctive relief, and may be affected generally by applicable rules of law that:

(i) limit the enforceability of provisions releasing, exculpating or exempting a party from, or requiring indemnification of a party for, liability for its own action or inaction, to the extent the action or inaction involves negligence, recklessness, willful misconduct or unlawful conduct;

(ii) may, where less than all of a contract may be unenforceable, limit the enforceability of the balance of the contract to circumstances in which the unenforceable portion is not an essential part of the agreed exchange; or

(iii) govern and afford judicial discretion regarding the determination of damages and entitlement to attorneys' fees and other costs.

(C) Our opinion is subject to generally applicable rules of law that (i) limit or affect the enforcement of provisions that purport to require waiver of the obligations of good faith, fair dealing, diligence or reasonableness; (ii) provide that forum selection clauses in contracts are not necessarily binding on courts in the forum selected; (iii) limit the availability of a remedy under certain circumstances where another remedy has been elected; (iv) limit the right of a creditor to use force or cause a breach of the peace in enforcing rights or limit the effectiveness of waivers of rights or duties under applicable; (v) govern and grant judicial discretion regarding the determination of damages and entitlement to attorneys' fees and other costs; (vi) permit or provide for a cure of defaults; or (vii) impose requirements of good faith, fair dealing, commercial reasonableness and conscionability and all other similar equitable concepts on the administration or enforcement of contracts.

(D) We express no opinion as to provisions of the Guaranty relating to (i) the establishment of, or venue in, any court or the statutory jurisdiction of federal courts or Maine state courts; (ii) any service of process, waiver of venue or waiver of jury trial provision; (iii) any provision purporting to establish evidentiary standards or a presumption in favor of any party; or (iv) increased interest rates or late payment charges upon delinquency in payment or default or providing for liquidated damages, or for premiums on prepayment, acceleration, redemption, cancellation, or termination, to the extent any such provisions are deemed to be penalties or forfeitures, or in the case of liquidated damages that are unreasonable in amount.

(E) We express no opinion as to any provision of the Guaranty (i) that authorizes or permits any party to make determinations in its sole discretion, (ii) restricting access to legal or equitable remedies, (iii) purporting to appoint any person as the attorney-in-fact of any other person, (iv) that provides that the Guaranty may only be amended, modified or waived in writing, or (v) governing the rights or obligations of, or purporting to be binding upon, third parties.

(F) Our opinions are subject to principles of equity (regardless of whether such principles are considered in a proceeding at law or in equity). No opinion is given as to the availability of specific performance or other equitable relief of any kind, some or all of which may be applied or not applied in the discretion of the courts.

(G) No opinion is given herein as to any particular provision of the Guaranty relating to (i) waivers of defenses or other remedies, contractual limitations or modifications of statute of limitations, or other rights or benefits bestowed by operation of law that may not under applicable law be waived, (ii) waivers of provisions which are not capable of waiver under applicable laws of the State of Maine or to the extent that any such waiver is found to be in violation of public policy, (iii) binding a party prior to the commencement of a bankruptcy proceeding to any course of action following the commencement of such bankruptcy proceedings, (iv) the enforceability of delinquency or late charges to the extent they are not reasonably related to anticipated loss, or (v) the right to exercise remedies upon the happening of a nonmaterial breach of the Guaranty (including material breaches of nonmaterial provisions thereof).

(H) We express no opinion as to any provision in the Guaranty purporting to permit the extension of the maturity or otherwise alter any of the terms of the obligations guaranteed under the Guaranty, without the express consent of HQ with respect thereto.

(I) Enforcement of the Guaranty may be conditioned upon (i) the conduct of the beneficiaries thereof (or other persons or entities having enforcement rights thereunder) conforming at all times with any applicable implied covenant of good faith and fair dealing and general principles of equity, notwithstanding any language in the Guaranty reserving to the beneficiaries thereof or other persons or entities, either specifically or in effect, the right to take certain specified actions in its or their sole or absolute discretion; (ii) the duty of creditors to act in a commercially reasonable manner; and (iii) the doctrine announced by the Maine Law Court in Top of the Track Associates v. Lewiston Raceways, Inc., 654 A.2d 1293 (Me. 1995), that despite the inclusion of an integration clause in a contract and the absence of textual ambiguity, the courts may give effect to implied terms relating to the parties' realization of the basic benefits of the contract. In addition, the United States District Court for the District of Maine in Wortley v. Camplin, 214 F.Supp. 2d 18 (2002) (fn. 6), in which the District Court permitted the introduction of parol evidence in a federal securities fraud case, despite the existence of a merger or integration clause, after concluding that the effect of a merger or integration clause on the reasonableness of a plaintiff's reliance on the alleged misrepresentation is a question of fact.

(J) The interpretation and construction of the Guaranty may be affected by parol or other extrinsic evidence, despite the inclusion of a merger or integration clause. In particular, pursuant to the holding of the Maine Supreme Judicial Court in Canal National Bank v. Becker, 431 A.2d 71 (Me. 1981), a mortgagor is permitted to introduce parol evidence to show that the parties did not intend an advance made subsequent to the recording of a mortgage to be secured by a previously granted mortgage, and, to this extent, evidence may be admitted to vary the terms of the Guaranty.

(K) We call your attention to the fact that determination of damages and entitlement to reimbursement for costs and expenses (including, without limitation, attorneys' fees) may be within the judicial discretion of the court before which such relief is requested.

(L) This opinion relates only to the laws of the State of Maine and the United States, enacted as of the date hereof and the interpretation thereof as of this date, and the facts actually known to us as of this date. We express no opinion with respect to the laws of any other jurisdiction. We express no opinion as to any federal or state securities laws, or any rules or regulations promulgated thereunder, including without limitation the Securities Act of 1933, the Trust Indenture Act of 1939, the Investment Company Act of 1940 and the Maine Uniform Securities Act, or the effect of non-compliance with any such law, rule or regulation on the enforceability of the Guaranty.

(M) Our opinion is subject to the effect of generally applicable rules of law that may, in the absence of a waiver or consent, discharge a guarantor to the extent that (i) action by a creditor impairs the value of collateral securing a guaranteed obligation to the detriment of the guarantor, or (ii) a guaranteed obligation is materially modified.

(N) Any beneficiary of (or other person or entity seeking to enforce) the Guaranty that is required to be qualified to do business in the State of Maine must be duly qualified under applicable law as a condition to maintaining any action, suit or proceeding in the State of Maine.

(O) The opinions expressed herein shall be effective only as to the date of this opinion letter. We do not assume responsibility for updating this opinion letter as of any date subsequent to the date of this opinion letter, and assume no responsibility for advising you of (i) any changes with respect to any matters described in this opinion letter or (ii) the discovery subsequent to the date of this opinion letter of factual information not previously known to us pertaining to the events occurring or circumstances prevailing on or prior to the date of this opinion letter.

This opinion letter shall be interpreted in accordance with the customary practice of United States lawyers who regularly give, and lawyers who regularly advise recipients regarding, opinions of the kind included in this opinion letter. Our advice on each legal issue addressed in this letter represents our opinion as to how that issue would be resolved were it to be considered by the highest court of the jurisdiction upon whose law our opinion on that issue is based. The manner in which any particular issue would be treated in any actual court case would depend in part on facts and circumstances particular to the case, and this letter is not intended to guarantee the transactions or the outcome of any legal dispute which may arise in the future.

This opinion is furnished to you and each of the Third Party Beneficiaries in connection with the transactions described above and may not be relied upon by anyone other than such parties, without our prior written consent. Without our prior written consent this opinion may not be published, quoted or referenced to, or filed with, any person or governmental agency in connection with any matter or in any manner whatsoever, except that this letter or a copy hereof may be filed with the MPUC and shown

Central Maine Power Company
NECEC Transmission LLC
Third Party Beneficiaries
December 29, 2020
Page 7

to any other governmental agency or self-regulatory organization which has regulatory authority over you or customarily reviews your files, books and records.

Respectfully submitted,
EATON PEABODY

By: _____
Duly authorized

Exhibit A

If to CMP:

Central Maine Power Company
Attn: Douglas Herling, President & CEO
83 Edison Drive
Augusta, Maine 04330

With a copy of any such notice to CMP to:

Central Maine Power Company
Attn: Legal Department
83 Edison Drive
Augusta ME 04336

And with a further copy of any such notice to CMP to:

Pierce Atwood LLP
Attn: Jared des Rosiers
254 Commercial Street
Portland ME 04101

Any such notices shall be copied to the GEO, Public Advocate, IECG and the other third party beneficiaries at:

To the State of Maine acting through the Governor's Energy of Office:

State of Maine
Governor's Energy Office
62 State House Station
Augusta, Maine 04333-0062
Attn: Legal

To the Maine Public Advocate:

Maine Public Advocate
Office of the Public Advocate
112 State House Station
Augusta, Maine 04333-0112

To the Industrial Energy Consumer Group:

Industrial Energy Consumer Group
c/o Anthony W. Buxton
Preti Flaherty
PO Box 1058
Augusta, Maine 04332

To the Conservation Law Foundation:

Conservation Law Foundation
Phelps Turner
53 Exchange Street, Suite 200
Portland, ME 04101

To the Acadia Center:

Acadia Center
Jeff Marks
Maine Director & Senior Policy Advocate
8 Summer Street
PO Box 583
Rockport, ME 04856

With a copy to :

Acadia Center
Amy E. Boyd, Esq.
Senior Attorney
31 Milk Street, Suite 501
Boston, MA 02109

To the Western Mountains & Rivers Corporation:

Western Mountains & Rivers Corporation
Russell Walters, President
PO Box 92
Kingfield, ME 04947

To the City of Lewiston:

City of Lewiston
Denis D'Auteuil
Lewiston City Administrator
Lewiston City Hall
27 Pine Street
Lewiston, ME 04240

To the Maine State Chamber of Commerce:

Maine State Chamber of Commerce
Dana F. Connors, President
7 University Drive
Augusta, ME 04330-8042

To the International Brotherhood of Electrical Workers , Local 104:

International Brotherhood of Electrical Workers, Local 104
Tim Burgess
Business Representative
238 Goddard Road
Lewiston, ME 04240

To the Friends of Maine Mountains:

Friends of Maine Mountains
Rand N. Stowell
Friends of Maine Mountains
P.O. Box 263
South Freeport, ME 04078

or at such other address as GEO, Public Advocate, IECG or the other third party beneficiaries may designate by ten (10) days advance written notice to the Guarantor and to CMP and to any other parties required to be copied by this Guaranty.

Attachment B – 2

Form of Lavery Legal Opinion

Montreal, December 29, 2020

Eaton Peabody
80 Exchange Street
Bangor, Maine 04401
United States of America

Central Maine Power Company
Central Maine Power Company
83 Edison Drive
Augusta, Maine 04330

NECEC Transmission LLC
One City Center
Portland, Maine 04101

Third Party Beneficiaries identified in Exhibit A attached hereto

Re: Hydro-Québec - Guaranty Agreement

Ladies and Gentlemen:

We have acted as Québec counsel to Hydro-Québec, a Québec corporation (“HQ”), in connection with the execution and delivery by HQ of the Guaranty Agreement, dated as of December 29, 2020 (the “**Guaranty**”) made by HQ in favour of Central Maine Power Company (“**CMP**”) NECEC Transmission LLC (“**NECEC**”), with the third party beneficiaries named in Section 1 therein and whose list and coordinates appear in Appendix A to this opinion (the “**Third Party Beneficiaries**”) being beneficiaries of the Guaranty.

This opinion is being delivered in fulfilment of the requirement contained in Section 8 (d) of the Guaranty and is to be filed in Maine Public Utilities Commission (“**MPUC**”) Docket Nos. 2017-00232 and 2019-00179.

We are qualified to practice law only in the Province of Québec, in Canada and do not express any opinion herein concerning any law other than the laws of the Province of Québec and the federal laws of Canada applicable therein (hereafter referred to as “**Québec Laws**”).

1. SCOPE OF EXAMINATION

In connection with this opinion we have examined an executed copy of the Guaranty, as well as:

LAVERY, DE BILLY, L.L.P. ► Lawyers ► Trade-mark Agents ► World Services Group Member ► lavery.ca

MONTREAL
1 PLACE VILLE MARIE
SUITE 4000
MONTREAL, QUEBEC H3B 4M4
TEL.: 514 871-1522
FAX: 514 871-8977

QUEBEC CITY
925 GRANDE ALLÉE WEST
SUITE 500
QUEBEC CITY, QUEBEC G1S 1C1
TEL.: 418 688-5000
FAX: 418 688-3458

SHERBROOKE
CITÉ DU PARC
95 JACQUES-CARTIER BLVD. SOUTH
SUITE 200
SHERBROOKE, QUEBEC J1J 2Z3
TEL.: 819 346-5058
FAX: 819 346-5007

TROIS-RIVIÈRES
1500 ROYALE ST.
SUITE 360
TROIS-RIVIÈRES, QUEBEC G9A 6E6
TEL.: 819 373-7000
FAX: 819 373-0943

- a. the *Hydro-Québec Act*, CQLR c H-5, the act enacted by the Province of Québec providing for the incorporation and organization of Hydro-Québec;
- b. The “Règlement Numéro 730 remplaçant le Règlement Numéro 633 d’Hydro-Québec modifié par le Règlement Numéro 664 d’Hydro-Québec concernant l’exercice du pouvoir du Conseil d’administration d’Hydro-Québec et d’autres mesures administratives s’appliquant à la Société – Règlement de régie Interne d’Hydro-Québec”, *Québec Official Gazette*, Part 2, 140th year, no 13, March 26, 2008, pp. 1371-1376 (together with the *Hydro-Québec Act*, the “Organizational Documents”);
- c. a copy of the resolutions adopted by the Board of Directors of HQ with respect to the Guaranty, certified by Ms. Karine Charest, the Assistant Secretary of Hydro-Québec thereof as being true, correct and complete; and
- d. all such corporate and public records, certificates, instruments, deeds and other documents as we have deemed relevant or necessary to enable us to express the opinions hereinafter set forth.

Except as expressly described herein, we have not undertaken any independent investigation of any factual matters which might be relevant to this opinion and we have made no independent investigation of the records of, or other matters relating to, HQ, CMP, NECEC, any of the Third Party Beneficiaries or any other entity.

We have not undertaken any independent investigation to determine the existence or absence of any fact, and no inference as to our knowledge of the existence or absence of any fact should be drawn from our representation of HQ or the rendering of this letter.

2. ASSUMPTIONS

In our examination of the Guaranty as well as of the other documents and certificates abovementioned, we have assumed:

- a. the legal capacity of all individuals, the genuineness of all signatures on, and the currency, authenticity and completeness of, all documents submitted to us as original documents, and the conformity to authentic original documents of all documents submitted to us as notarial, certified, photostat or similarly reproduced copies of such original documents; and

- b. the currency, completeness, truth and accuracy of all facts set forth in the official public records, certificates and documents supplied by public officials or otherwise conveyed to us by public officials.

3. OPINIONS

Based upon the foregoing, we are of the opinion that:

- a. HQ is a corporation validly existing and in good standing under the laws of the Province of Québec, Canada.
- b. As of the date hereof, HQ:
 - i) has the organizational power to execute, deliver and perform the Guaranty;
 - ii) has taken all corporate action necessary to authorize the execution, delivery and performance of the Guaranty; and
 - iii) has duly executed and delivered the Guaranty.
- c. The execution and delivery of the Guaranty by HQ does not, and the performance by HQ of its obligations thereunder will not, result in a violation of its Organizational Documents or of any applicable governmental laws, rules or regulations governing the corporate status or legal capacity of HQ.

4. QUALIFICATIONS

Our opinions set forth above are subject to the following qualifications:

- a. Our opinions expressed in Paragraph 3 above are based solely our review of the applicable statute and regulations. We have conducted no other investigation after such date, or otherwise reviewed or investigated the business of HQ.
- b. The opinions expressed herein shall be effective only as to the date of this opinion letter. We do not assume responsibility for updating this opinion letter as of any date subsequent to the date of this opinion letter, and assume no responsibility for advising you of (i) any changes with respect to any matters described in this opinion letter or (ii) the discovery subsequent to the date of this opinion letter of factual information not previously known to us pertaining

to the events occurring or circumstances prevailing on or prior to the date of this opinion letter.

This opinion is furnished to you in connection with the transactions described above and may not be relied upon by anyone other than the law firm Eaton Peabody for the purposes of the opinions that it shall be called to furnish in connection with the transactions described above, and by CMP, NECEC and the Third Party Beneficiaries. Without our prior written consent and except as specifically provided herein, this opinion may not be published, quoted or referenced to, or filed with, any person or governmental agency in connection with any matter or in any manner whatsoever, except that this letter or a copy hereof may be shown to any governmental agency or self-regulatory organization which has regulatory authority over you or customarily reviews your files, books and records.

Yours very truly,

LAVERY, DE BILLY L.L.P.

Per:

André Vautour, Partner

APPENDIX A

List of Third-Party Beneficiaries

CMP:

Central Maine Power Company
83 Edison Drive
Augusta, Maine 04330

State of Maine acting through the Governor's Energy of Office:

State of Maine
Governor's Energy Office
62 State House Station
Augusta, Maine 04333-0062

Maine Public Advocate:

Maine Public Advocate
Office of the Public Advocate
112 State House Station
Augusta, Maine 04333-0112

Industrial Energy Consumer Group:

Industrial Energy Consumer Group
PO Box 1058
Augusta, Maine 04332

Conservation Law Foundation:

Conservation Law Foundation
53 Exchange Street, Suite 200
Portland, ME 04101

Acadia Center:

Acadia Center
Maine Director & Senior Policy Advocate
8 Summer Street
PO Box 583
Rockport, ME 04856

Western Mountains & Rivers Corporation:

Western Mountains & Rivers Corporation
PO Box 92
Kingfield, ME 04947

City of Lewiston:

City of Lewiston
Lewiston City Administrator
Lewiston City Hall
27 Pine Street
Lewiston, ME 04240

Maine State Chamber of Commerce:

Maine State Chamber of Commerce
7 University Drive
Augusta, ME 04330-8042

International Brotherhood of Electrical Workers , Local 104:

International Brotherhood of Electrical Workers, Local 104
238 Goddard Road
Lewiston, ME 04240

Friends of Maine Mountains:

Friends of Maine Mountains
P.O. Box 263
South Freeport, ME 04078

Attachment C

Any Third-Party Beneficiary notices shall be provided to the GEO, MPUC, Public Advocate and IECG at:

To the State of Maine acting through the Governor's Energy of Office:

State of Maine
Governor's Energy Office
62 State House Station
Augusta, Maine 04333-0062
Attn: Legal

To the Maine Public Advocate:

Maine Public Advocate
Office of the Public Advocate
112 State House Station
Augusta, Maine 04333-0112

To the Industrial Energy Consumer Group:

Industrial Energy Consumer Group
c/o Anthony W. Buxton
Preti Flaherty
PO Box 1058
Augusta, Maine 04332

or at such other address as GEO, MPUC, Public Advocate or IECG may designate by ten (10) days advance written notice to the Guarantor and to CMP and to any other parties required to be copied by this Guaranty.

To the Conservation Law Foundation:

Phelps Turner/Emily Green
53 Exchange Street, Suite 200
Portland, ME 04101

To the Acadia Center:

Jeff Marks, Maine Director & Senior Policy Advocate
8 Summer Street
PO Box 583
Rockport, ME 04856

Amy E. Boyd, Senior Attorney
31 Milk Street, Suite 501
Boston, MA 02109

To the Western Mountains & Rivers Corporation:

Russell Walters, President
PO Box 92
Kingfield, ME 04947

To the City of Lewiston:

Denis D'Auteuil, City Administrator
City Hall
27 Pine Street
Lewiston, ME 04240

To the Maine State Chamber of Commerce:

Dana F. Connors, President
7 University Drive
Augusta, ME 04330-8042

To the International Brotherhood of Electrical Workers:

Tim Burgess, Business Representative
International Brotherhood of Electrical Workers, Local 104
238 Goddard Road
Lewiston, ME 04240

To the Friends of Maine Mountains:

Rand N. Stowell
PO Box 263
South Freeport, ME 04078

EXHIBIT B – HQ Agreement

AGREEMENT

This Agreement (“Agreement”), dated as of December 29, 2020, is made and entered into in Portland, Maine among Hydro-Québec, a body politic and corporate, duly incorporated and regulated by Hydro-Québec Act (R.S.Q., chapter H-5) and having its head office and principal place of business at 75, René-Lévesque Boulevard West, Montreal, Québec, Canada, H2Z 1A4, (hereinafter referred to as “HQ”), Central Maine Power Company, a corporation duly organized under the laws of the State of Maine, having its principal place of business at 83 Edison Drive, Augusta ME 04336, United States of America, (hereinafter referred to as “CMP”), and NECEC Transmission LLC, a limited liability company duly organized under the laws of the State of Delaware, having an office at One City Center, Portland, Maine, 04101, (hereinafter referred to as “NECEC LLC” and, together with CMP, as the “NECEC Parties”).

WHEREAS the NECEC Parties and H.Q. ENERGY SERVICES (U.S.) INC., a corporation created under the laws of the State of Delaware, having its place of business at 225 Asylum Street, 27th Floor, Hartford, CT 06103 (hereinafter referred to as “HQUS”), an indirectly owned subsidiary of HQ, have executed a Support Agreement, dated of near or even date herewith (hereinafter referred to as the “Support Agreement”) incident to CMP obtaining a Certificate of Public Convenience and Necessity (the “CPCN”) from the Maine Public Utilities Commission with respect to the planned New England Clean Energy Connect transmission project (the “NECEC Transmission Line Project”), from which HQUS will receive transmission services and be enabled to sell and deliver 1,200 MW of clean energy hydroelectric generation acquired from another division of HQ; and

WHEREAS in order to implement certain provisions set forth in the Support Agreement, HQ agrees to make certain commitments in favor of the NECEC Parties relating to certain public benefits to be provided to the State of Maine as contemplated in the Support Agreement;

NOW THEREFORE, in consideration of the premises, HQ hereby agrees with the NECEC Parties as follows:

Section 1. EV Expertise. HQ and the NECEC Parties agree as follows:

- a) Commencing on a date that is no later than sixty (60) days following the execution of this Agreement and ending upon the earlier to occur of the following events: (a) the termination of the Support Agreement or (b) the fifth anniversary of the commercial operation date (“COD”) of the NECEC Transmission Line Project, HQ agrees to share with the NECEC Parties and their designees, the Maine Office of Public Advocate (“OPA”) and its designees, the Industrial Energy Consumer Group (“IECG”) and its designees and the designee of the Governor of the State of Maine (the “Governor”) (the

NECEC Parties, OPA, IECG and the Governor are collectively the “Group” and all designees of the NECEC Parties, OPA, IECG and the Governor are collectively the “NECEC Designees”), at no cost to the Group or the NECEC Designees, HQ’s (and its affiliates’) expertise with respect to electric vehicle (EV) infrastructure for the purpose of developing the programs and initiatives being implemented pursuant to the Hydro-Québec EV Fund contemplated by the Support Agreement, through in-person meetings, conference calls, and other communications to be held as and when the Group may, from time to time, reasonably request (but in no event more frequently than once in any thirty (30) day period without the written agreement of the parties) upon reasonable prior written notice to HQ.

- b) Without limitation of the foregoing, HQ shall make available for the purposes of this Section 1 those of its employees who have the relevant expertise for such communications and information sharing. Sharing of HQ expertise is to be on a consulting basis by means of advice and participation in discussions by HQ personnel, based on knowledge and experience gained in the course of their regular duties. HQ is not obligated hereunder to obtain licenses of third-party rights, to develop new technology, or to provide licenses of any proprietary technology. HQ does not make any representation or warranty of whatsoever nature regarding the accuracy or completeness of information shared pursuant to this Section 1.
- c) In consideration of the communications and information sharing by HQ, the NECEC Parties agree to negotiate in good faith with HQ, and to request OPA, IECG and the Governor to negotiate in good faith with HQ (to the extent permitted by applicable law), an appropriate confidentiality agreement by the Group (and requiring the NECEC Designees to comply with the terms of such confidentiality agreement) in favor of HQ and its affiliates with respect to any confidential and/or proprietary information made available by HQ or its affiliates during the course of the interactions contemplated by this Section 1.

Section 2. Dark Fiber Optic Expertise. HQ and the NECEC Parties agree as follows:

- a) Commencing on a date that is no later than sixty (60) days following the execution of this Agreement and ending upon the earlier to occur of the following events, that is (a) the termination of the Support Agreement or (b) the first anniversary of the COD of the NECEC Transmission Line Project, HQ agrees to share with the NECEC Parties and their respective designees, at no cost to the NECEC Parties and their respective designees, HQ’s (and its affiliates’) expertise with respect to dark fiber optic and dark fiber optic partnerships, to join with the NECEC Parties and such other persons and entities in evaluating the commercial, technical and legal feasibility of implementing and constructing a dark fiber optic connection between the State of Maine and the fiber

optic network serving Montréal, Province of Québec through the NECEC Transmission Project Line (the “Fiber Optic Project”), through in-person meetings, conference calls, and other communications to be held not less than on a quarterly basis and upon reasonable prior written notice to HQ, and if the Fiber Optic Project is determined by HQ and the NECEC Parties to be commercially, technically and legally feasible, to negotiate in good faith agreements on commercially reasonable terms and conditions to implement and construct the Fiber Optic Project by including fiber optic capacity in the transmission facilities to be constructed in Québec (the “Québec Transmission Line”) to interconnect to the NECEC Transmission Line. The parties agree and acknowledge that HQ and its affiliates shall have no obligation to fund the Fiber Optic Project other than through contributions to NECEC Broadband Fund as contemplated by the Support Agreement, subject to the amount limits stipulated therein. The parties understand that HQ does not have a telecommunications license and thus cannot offer telecommunications services other than dark fiber co-builds.

- b) Without limitation of the foregoing, HQ shall make available for the purposes of this Section 2 those of its employees who have the relevant expertise for such communications and information sharing. Sharing of HQ expertise is to be on a consulting basis by means of advice and participation in discussions by HQ personnel, based on knowledge and experience gained in the course of their regular duties. HQ is not obligated hereunder to obtain licenses of third-party rights, to develop new technology, or to provide licenses of any proprietary technology. HQ does not make any representation or warranty of whatsoever nature regarding the accuracy or completeness of information shared pursuant to this Section 2.
- c) In consideration of the communications and information sharing by HQ, the NECEC Parties agree to negotiate in good faith with HQ an appropriate confidentiality agreement by the NECEC Parties (and requiring the NECEC Parties’ respective designees to comply with the terms of such confidentiality agreement) in favor of HQ and its affiliates with respect to any confidential and/or proprietary information made available by HQ or its affiliates during the course of the interactions contemplated by this Section 2.
- d) If such feasibility evaluation of the Fiber Optic Project results in a further written agreement with respect to the Fiber Optic Project among HQ and the NECEC Parties including, without limitation, with respect to the source of funding for the Fiber Optic Project, during the design and construction phases of the Québec Transmission Line,

HQ will incorporate the Fiber Optic Project into the Québec Transmission Line in accordance with the terms of such agreement.

Section 3. Cumulative Rights. No failure on the part of the NECEC Parties to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the NECEC Parties of any right, remedy or power hereunder preclude any other future exercise of any right, remedy or power. Each and every right, remedy and power hereby granted to the NECEC Parties or allowed to them by law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by the NECEC Parties from time to time. In addition to any other provision hereof, it is expressly understood that any technical, engineering, design, safety or other advice, if any, to be furnished by HQ or HQ's affiliates' personnel or by others on their behalf under Sections 1 or 2 hereof is supplied and given on a "good faith, commercially reasonable efforts" basis only, without warranty, and that HQ assumes no obligation or liability for the accuracy or sufficiency of advice given or results obtained. Any decisions as to whether to use and how to use any such advice shall be solely within the discretion of the NECEC Parties, OPA, IECG and the Governor, as applicable, and accordingly all such advice is given and accepted at the risk of the NECEC Parties, OPA, IECG and the Governor, as applicable.

Section 4. Representations and Warranties. Each party hereby represents and warrants to other parties that:

- e) It is a corporation or, as applicable, a limited liability company duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has full corporate power to execute, deliver and perform this Agreement.
- f) The execution, delivery and performance of this Agreement have been and remain duly authorized by all necessary corporate action and do not contravene any provision of law or the party's constitutional documents or any contractual restriction binding on such party or its assets.
- g) This Agreement constitutes a legal, valid and binding obligation of each party enforceable against such party in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other similar laws and to general principles of equity.

Section 5. Assignment. No party may assign its rights, interest or obligations hereunder to any other person without the prior written consent of the other parties; provided that either CMP or NECEC LLC may assign its rights, interest and obligations under this Agreement to the assignee of its rights in the Support Agreement in the event of a permitted assignment thereunder.

Section 6. Notices. All notices or other communications in respect of this Agreement shall be in writing, and delivered by hand or by registered mail (return receipt requested), overnight courier

service or given by facsimile (except for a demand of payment) and addressed or directed as follows:

If to HQ:

HYDRO-QUÉBEC

75 René-Lévesque boulevard West, 18th Floor

Montréal, Québec, Canada H2Z 1A4

Attention of: David Murray, Chief Operating Officer and President of Hydro-Québec
Production

E-mail: Murray.David@hydro.qc.ca

If to the NECEC Parties:

CENTRAL MAINE POWER COMPANY

Eric N. Stinneford

83 Edison Drive

Augusta, Maine 04336

Facsimile 207-626-9779

Email: Eric.Stinneford@cmpco.com

NECEC TRANSMISSION LLC

One City Center, 5th floor

Portland, Maine 04101

Attention: Thorn C. Dickinson

Email: thorn.dickinson@avangrid.com

or such address as HQ, CMP or NECEC LLC may give notice to the other parties, from time to time.

Section 7. Successors; Governing Law. This Agreement shall be binding upon the parties and their respective successors and assignees, and shall be governed by and construed in accordance with the laws of the State of Maine.

Section 8. Performance by a subsidiary. The parties acknowledge that performance of HQ's obligations under this Agreement shall be done through a subsidiary of HQ, as determined by HQ.

Section 9. Entire agreement. This Agreement constitutes the entire agreement of HQ and the NECEC Parties pertaining to the subject matter hereof and supersedes all prior written or oral agreements or understandings between HQ and the NECEC Parties with respect to the subject

matter hereof. Capitalized terms not defined in this Agreement shall have the meanings assigned to them in the Support Agreement.

Section 10. Amendments. No amendments or modifications of or to any provision of this Agreement shall be binding until in writing and executed by HQ and the NECEC Parties.

[Signature page follows]

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement, as of the date set forth above.

HYDRO-QUÉBEC

By: _____

Name: _____

Title: _____

CENTRAL MAINE POWER COMPANY

By: _____

Name: Douglas Herling

Title: President & CEO

By: _____

Name: Eric N. Stinneford

Title: Vice President, Controller & Treasurer

NECEC TRANSMISSION LLC

By: _____

Name: Thorn C. Dickinson

Title: President & CEO

By: _____

Name: Robert Fitzgerald, Jr.

Title: Vice President, Controller & Treasurer-
Avangrid Service Company

EXHIBIT C –Avangrid, Inc. Guaranty of NECEC LLC’s assumption of the obligations of HQUS to make the HQUS NECEC Payments set forth paragraph 1.a.iv of the Support Agreement.

AVANGRID INC. GUARANTY AGREEMENT

This Guaranty Agreement (“Guaranty”), dated as of December 29, 2020, is made and entered into by **AVANGRID, INC.**, (hereinafter referred to as the “Guarantor”), in favor of **CENTRAL MAINE POWER COMPANY**, a corporation duly organized under the laws of the State of Maine, having its principal place of business at 83 Edison Drive, Augusta, Maine (“CMP”), and the Third Party Beneficiaries (hereinafter defined), referred to collectively herein as the “Beneficiaries”, and each individually a “Beneficiary”.

WHEREAS, CMP, NECEC TRANSMISSION LLC, a Delaware limited liability company (“NECEC LLC”), and **H.Q. ENERGY SERVICES (U.S.) INC.**, a Delaware corporation (“HQUS”), have entered into a Support Agreement dated as of December 29, 2020 (hereinafter referred to as the “Support Agreement”);

WHEREAS, CMP has entered into transmission service agreements with HQUS, each dated as of June 13, 2018, with respect to 110 MW of firm transmission service on the transmission facilities to be constructed by CMP and/or its affiliate NECEC LLC (the “NECEC Transmission Line”) for a term of forty (40) years commencing on the commercial operation date of NECEC Transmission Line, and an aggregate of 1,090 MW of firm transmission service on the NECEC Transmission Line for a term of twenty (20) years commencing on the twentieth (20th) anniversary of the COD (the “HQUS TSAs”);

WHEREAS, CMP has been issued a Certificate of Public Convenience and Necessity (“CPCN”) by the Maine Public Utilities Commission (“MPUC”) by an order dated May 3, 2019 authorizing CMP to construct, own and operate the New England Clean Energy Connect (“NECEC”) transmission project (the “NECEC project”), and the MPUC approved a settlement stipulation dated February 21, 2019 among CMP, NECEC LLC and certain other parties to the CPCN proceeding (the “Stipulation”) (collectively the “CPCN Order”);

WHEREAS, the Stipulation requires that the Guarantor (or its successor) guaranty NECEC LLC’s payment obligations under the Stipulation relating to the Heat Pump Fund (Section V.B, paragraph 7 of the Stipulation), the Dirigo EV Fund (Section V.B, paragraph 8(a) of the Stipulation), the Franklin County Host Community Benefits Fund (Section V.B, paragraph 9 of the Stipulation) and the Education Grant Fund (Section V.B, paragraph 10 of the Stipulation) (collectively, the “Stipulation Payment Obligations”);

WHEREAS, pursuant to the Stipulation, CMP has agreed to convey to NECEC LLC the NECEC project and NECEC LLC has agreed to make certain payments to CMP in consideration therefor and the Stipulation requires that the Guarantor or its successor guarantee all payment obligations of NECEC LLC under the Transfer Agreement dated as of November 3, 2020 (the “Transfer Agreement”);

WHEREAS, pursuant to the terms of the Support Agreement, in the event that CMP or NECEC LLC, as applicable, (i) breaches its obligations under the HQUS TSAs, such that HQUS is unable due to such breach to receive transmission service over the NECEC Transmission Line as contemplated by the HQUS TSAs, or (ii) fails to comply with the Stipulation and the CPCN in a material respect (and subject to any applicable notice and cure period) which failure precludes the operation of the NECEC Transmission Line, NECEC LLC agrees to assume the obligations of HQUS under subsection 1(a)(iv) of the Support Agreement and under Section V.B.14(vii) of the Stipulation and to make the HQUS NECEC Payments (as such term is defined in the Support Agreement) when and as due until such time as transmission service is restored and CMP or NECEC LLC, as applicable, is again in compliance with the HQUS TSAs, the Stipulation, the CPCN or the Support Agreement, as applicable (the “NECEC LLC Support Agreement Payment Obligations”);

WHEREAS, the Guarantor will directly or indirectly benefit from the Stipulation, the Transfer Agreement and the transactions to which they relate.

WHEREAS, on October 20, 2020 the MPUC issued an order approving a Stipulation in MPUC Docket No. 2019-00179 (“NECEC II Stipulation”) whereby NECEC LLC agreed to perform certain Stipulation Payment Obligations under the Stipulation earlier and on a quarterly basis, subject to certain suspension and termination rights, as set forth in the NECEC II Stipulation;

WHEREAS, the NECEC II Stipulation acknowledges that, pursuant to the Support Agreement, HQUS agreed to accelerate the performance of its obligations referred to in the Support Agreement (in the terms set forth in the Support Agreement) and that payments pursuant to the Support Agreement shall be made on a quarterly basis, subject to certain suspension and termination rights, as set forth in the Support Agreement.

NOW THEREFORE, in consideration of the premises, the Guarantor hereby agrees as follows:

Section 1. Payment Guaranty. The Guarantor absolutely, irrevocably, and unconditionally guarantees the prompt payment when due of all amounts owed by NECEC LLC with respect to the NECEC LLC Support Agreement Payment Obligations, upon a written demand by any Beneficiary stating that NECEC LLC has failed to fulfill any of such NECEC LLC Support Agreement Payment Obligations and the amount claimed is due and payable.

The Guarantor acknowledges and agrees that this Guaranty is for the benefit of the Beneficiaries and the Beneficiaries shall have the rights to enforce this Guaranty as set forth herein.

Section 2. Nature of Guarantee; Collateral. The Guarantor's obligations hereunder shall not exceed the obligations of NECEC LLC under the Support Agreement and shall be subject to all of the contractual protections, limitations, waivers, exclusions and rights which NECEC LLC has under the Support Agreement, as such obligations may be affected by any modification of, amendment to, waiver of or consent to departure from the Support Agreement to the extent, if any, NECEC LLC would have been entitled to such benefits, except as expressly set forth herein with respect to the costs and expenses of enforcing this Guaranty. The foregoing notwithstanding, the this Guaranty shall not be discharged, impaired or affected by the bankruptcy of NECEC LLC or any other party, nor by the existence, validity, enforceability, perfection, or extent of any collateral for any obligations of NECEC LLC under the Support Agreement. This is a guaranty of payment and performance and not of collection. The Beneficiaries shall not be required to pursue or to exhaust their remedies against NECEC LLC, or its successors, or against any other party liable for payment of any obligation of NECEC LLC, whether maker, guarantor, or otherwise, or against any property or assets mortgaged or pledged as security therefor, but upon nonpayment or non-performance thereof may, subject to Section 13, immediately demand and enforce payment and performance from the Guarantor pursuant to this Guaranty. Except as set forth in Section 13, the Guarantor hereby waives demand, notice and protest, and waives recourse to all suretyship and guarantorship defenses generally and agrees that the liability of the undersigned hereunder shall not be affected in any way by any release of security or by the granting of any indulgence by a Beneficiary to any party liable for payment of any obligations guaranteed hereby, or to any other guarantor thereof, or to any other party; nor shall the liability of the undersigned be affected in any way by any failure, inability or neglect of a Beneficiary to take any action with respect to, to realize upon or to obtain, any security, rights, endorsements or guaranties relating to any of said obligations guaranteed hereby; nor shall the liability of the undersigned be affected by any fraud, bankruptcy, FERC action that relieves NECEC LLC of responsibility for making any NECEC LLC payments, or otherwise limits NECEC LLC's responsibility for making such payments, or by any other matter; the Guarantor hereby meaning to waive any and all matters whatsoever whereby the Guarantor would or might be released, in whole or in part, from the obligations hereof, it being the intent hereof that the Guarantor at all times be and remain liable to the same extent as if the Guarantor were jointly and severally liable with NECEC LLC for payment of all guaranteed obligations.

If any payment or amount paid on any obligation of NECEC LLC under the Support Agreement, whether or not the same has been applied to such obligation under the Support Agreement, must be returned by CMP for any reason, the Guarantor shall be liable for payment of such amounts as though they had never been so paid or applied.

Section 3. Consents, Waivers and Renewals. The Guarantor agrees that CMP or NECEC LLC may, subject to the approval of the MPUC, the State of Maine acting through the Governor's Energy Office, the OPA (defined below) and the IECG (defined below) in each of the following cases, at any time and from time to time, either before or after maturity thereof, without notice to or further consent of the Guarantor, extend the time of payment of any payment obligation with respect to the NECEC LLC Support Agreement Payment Obligations, exchange or surrender any collateral therefor, and may also make any agreement with NECEC LLC or with any other party to, or person liable for any of the obligations with respect to the NECEC LLC Support Agreement Payment Obligations, or interested therein, for the extension, renewal, payment, compromise, discharge or release thereof, in whole or in part, or for any modification of the terms of the NECEC LLC Support Agreement Payment Obligations or of any agreement between the Beneficiary and NECEC LLC or any such other party or person with respect to the NECEC LLC Support Agreement Payment Obligations, without in any way impairing or affecting this Guaranty. The Guarantor agrees that a Beneficiary may resort to the Guarantor for payment with respect to the NECEC LLC Support Agreement Payment Obligations, whether or not the Beneficiary shall have resorted to any collateral security, or shall have proceeded against any other obligor principally or secondarily obligated with respect to any of the obligations arising respect to the NECEC LLC Support Agreement Payment Obligations.

Section 4. Subrogation. In any case, including NECEC LLC's insolvency, the Guarantor will not exercise any rights which it may acquire by way of subrogation in connection with this Guaranty before all amounts with respect to the NECEC LLC Support Agreement Payment Obligations shall have been indefeasibly paid in full. Subject to the foregoing, upon indefeasible payment in full of all the obligations related the NECEC LLC Support Agreement Payment Obligations, the Guarantor shall be subrogated to the rights of the

Beneficiaries against NECEC LLC, and the Beneficiaries agree to take, at the Guarantor's expense, such steps as the Guarantor may reasonably request to implement such subrogation.

Section 5. Cumulative Rights. No failure on the part of a Beneficiary to exercise, and no delay in exercising any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by a Beneficiary of any right, remedy or power hereunder preclude any other future exercise of any right, remedy or power by any Beneficiary. Each and every right, remedy and power hereby granted to the Beneficiaries or allowed to any of them by law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by a Beneficiary from time to time.

Section 6. Waiver of Notice. The Guarantor waives notice of the acceptance of this Guaranty, notice of dishonor, presentment and demand, and, except as set forth in Section 13, notice of exercise of any right and all other notices whatsoever.

Section 7. Representations and Warranties.

The Guarantor represents and warrants that:

- a) It is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has full corporate power to execute, deliver and perform this Guaranty.
- b) The execution, delivery and performance of the Guaranty have been and remain duly authorized by all necessary corporate action and all applicable regulatory approvals, including any required from the MPUC, and do not contravene any provision of law or the Guarantor's organizational documents or any contractual restriction binding on the Guarantor or its assets.
- c) The Guaranty constitutes a legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other similar laws and to general principles of equity.
- d) Guarantor has provided to each Beneficiary including the Third Party Beneficiaries, at least thirty (30) days' prior to the effective date of this Guaranty, a legal opinion of counsel in the form of the legal opinion in Attachment A to this Guaranty as to the legality, effectiveness and enforceability of this Guaranty, subject to customary qualifications, assumptions and exceptions. Guarantor has provided such legal opinion to the Beneficiary by causing such legal opinion to be filed in MPUC Docket Nos. 2017-00232 and 2019-00179.

Section 8. Bankruptcy, Insolvency, Dissolution and Liquidation. The liability of the Guarantor under the Guaranty shall not be affected because of the bankruptcy, insolvency, dissolution or liquidation of NECEC LLC.

Section 9. Continuing Guarantee; Applicability. This Guaranty is a guarantee of payment and is a continuing guarantee effective during the term of the Support Agreement and until complete performance by NECEC LLC of its obligations with respect to the NECEC LLC Support Agreement Payment Obligations and indefeasible payment in full of all such obligations; provided, however, that this Guaranty shall only apply, and an action or proceeding may be instituted hereunder against the Guarantor, in connection with or related to any failure of payment by NECEC LLC that first occurs or arises out of a failure of payment by NECEC LLC only if, at the time of a claim initiating such action or proceeding or at any time thereafter until such payment is made, NECEC LLC does not have a credit rating or is rated non-investment grade (lower than BBB- or Baa3 or the equivalent) by all rating services providing a rating.

Section 10. Assignment. Neither the Beneficiaries nor the Guarantor may assign its rights and, interest, or delegate its obligations hereunder to any other person without the prior written consent of the Guarantor or the particular Beneficiary, as the case may be; provided that (i) Guarantor may assign its rights and interest, together with a delegation of its obligations to a successor-in-interest to Guarantor or an assignee of Guarantor's obligations in the Stipulation without written consent of the Beneficiaries, provided (1) such successor-in-interest and assignee has a credit rating equal to or better than the Guarantor at the time of assignment or (2) the MPUC has approved such assignment if otherwise required; and (ii) a Beneficiary may assign its rights and interest and delegate its obligations under this Guaranty to the assignee of its rights in the Stipulation in the event of a permitted assignment thereunder without written consent of the Guarantor.

Section 11. Notices. All notices or other communications in respect of this Guaranty shall be in writing, and delivered by hand or by registered U.S. mail (return receipt requested), or by overnight courier service, and addressed or directed as follows:

If to the Guarantor:
Avangrid, Inc.
1125 NW Couch, Suite 700
Portland, Oregon 97209
Attn: Credit Manager

If to the Beneficiaries:
See Attachment B

With a copy to:
Avangrid, Inc.
162 Canco Road,
Portland, Maine 04103
Attn: Legal Services

or such address in the United State or Canada as the Guarantor or the Beneficiary may give notice to the other Parties, from time to time.

Section 12. Successors; Governing Law; Jurisdiction; Costs of Enforcement. This Guaranty shall be binding upon the Guarantor, its successors and permitted assigns, and shall inure to the benefit of each Beneficiary and their respective successors and assigns, and shall be governed by and construed in accordance with the laws of the State of Maine. For purposes of this Guaranty, Guarantor hereby irrevocably submits to the jurisdiction of the federal and state courts located in the State of Maine (and to the jurisdiction of the MPUC to the extent applicable) with respect to any matter arising under or relating to this Guaranty. The Guarantor hereby agrees to pay all reasonable costs and expenses incurred by a Beneficiary in successfully enforcing this Guaranty and in collecting or in attempting to collect any amounts from any party liable therefor, including without limitation all attorney's fees incurred in connection therewith.

Section 13. Third Party Beneficiaries. The Third Party Beneficiaries of this Guaranty with respect to the specific obligations of prompt payment by Guarantor of amounts required to be paid by NECEC LLC which are covered by this Guaranty are:

- a) With respect to such part of the NECEC LLC Support Agreement Payment Obligations that relates to amounts to be deposited in the NECEC Low Income Escrow (as such term is used in the Support Agreement) to be paid to the NECEC Low Income Fund established pursuant to Section V.B.4 of the Stipulation, the Maine Office of the Public Advocate (the "OPA"), the State of Maine acting through the Governor's Energy Office ("GEO"), the Industrial Energy Consumer Group ("IECG"), and HQUS; and
- b) With respect to such part of the NECEC LLC Support Agreement Payment Obligations that relates to amounts to be deposited in (i) the NECEC Rate Relief Escrow (as such term is used in the Support Agreement) to be paid to the NECEC Rate Relief Fund established pursuant to Section V.B.5 of the Stipulation, or (ii) the NECEC LLC Escrow (as such term is used in the Support Agreement), the OPA, the State of Maine acting through the GEO, the IECG, HQUS, Conservation Law Foundation ("CLF"), Acadia Center, Western Mountains & Rivers Corporation, City of Lewiston, Maine State Chamber of Commerce, International Brotherhood of Electrical Workers and Friends of Maine Mountains.

If NECEC LLC does not comply with its obligations under the Stipulation, then, any Beneficiary shall have the right to enforce this Guaranty in accordance with the applicable terms herein, provided that the Third Party Beneficiaries shall only have the right to enforce the portion of this Guaranty to which they have enforcement rights pursuant to Section 13(a) and/or Section 13(b) as applicable. Any dispute with respect to the enforcement of the obligations of NECEC LLC or Guarantor under this Guaranty may be brought in a court of the State of Maine or a U.S. District Court in the State of Maine and any appellate court from any thereof that has subject matter jurisdiction. A Beneficiary may file any action to enforce this Guaranty with such court after such Beneficiary sends at least fifteen (15) days' prior written notice to Guarantor and the other Beneficiaries of its intent to bring such action. Notwithstanding any limitation above regarding which Third Party Beneficiaries may enforce this Guaranty, in the event where an issue exists with respect to the overall legal effect, binding nature or enforceability of this Guaranty, any Third Party Beneficiary may bring an action to establish or protect the enforceability of this Guaranty or join in the defense of any action challenging the enforceability of this Guaranty.

Section 14. Entire agreement. This Guaranty constitutes the entire agreement of the Guarantor and the Beneficiaries pertaining to the subject matter hereof and supersedes all prior written or oral agreements and understandings between the Guarantor and the Beneficiaries with respect to the subject matter hereof.

Section 15. Amendments. No amendments or modifications of or to any provision of this Guaranty shall be binding until in writing and executed by the Guarantor and the Beneficiaries.

Section 16. Single Guaranty. Notwithstanding the existence of original copies of this Guaranty, this Guaranty constitutes a single instrument in favor of the Beneficiaries.

Section 17. Disclaimer. Neither the grant, nor acceptance, nor exercise of third party beneficiary rights under this Guaranty gives rise to nor constitutes acceptance of any obligation or duty of care to any other person or party with respect to the exercise of said rights.

IN WITNESS WHEREOF, the Guarantor hereto has executed this Guaranty as of the date first set forth above.

AVANGRID, INC.

By: _____
Name: Howard Coon
Title: Vice President - Treasurer

By: _____
Name: Scott Tremble
Title: Senior Vice President - Controller

ATTACHMENT A

Pierce Atwood LLP Legal Opinion

PIERCE ATWOOD LLP

Merrill's Wharf
254 Commercial Street
Portland, ME 04101

www.pierceatwood.com

December 29, 2020

To the Beneficiaries Identified in Exhibit A attached hereto (as their interests appear therein)

Re: Avangrid, Inc. Guaranty Agreement

Ladies and Gentlemen:

We have acted as counsel to Central Maine Power Company, a Maine corporation ("CMP"), NECEC Transmission LLC, a Delaware limited liability company ("NECEC LLC"), and Avangrid, Inc., a New York corporation ("Avangrid"), in connection with the execution and delivery by Avangrid of six Guaranty Agreements, each dated as of December 29, 2020, listed on Exhibit A attached hereto (the "Guarantees" and each a "Guaranty") made and entered into by Avangrid, in favor of CMP as primary beneficiary and the third party beneficiaries named therein, and the transactions contemplated thereby and referred to therein. This opinion is being delivered in fulfillment of the requirement contained in Section V.D.1.g.1 through V.D.1.g.6 and Attachments 9 through 14 of the Stipulation filed on July 30, 2020 (the "NECEC II Stipulation") and approved by the Maine Public Utilities Commission (the "MPUC") in an Order dated October 20, 2020 in Docket No. 2019-00179 (the "NECEC II Order"), and is to be filed in MPUC Docket Nos. 2017-00232 and 2019-00179.

In connection with this opinion we have examined an executed copy of each Guaranty, as well as:

- (1) a copy of the Certificate of Incorporation of Avangrid certified and issued by the New York Secretary of State as of June 29, 2020;
- (2) a copy of the Good Standing Certificate issued by the New York Secretary of State as of November 12, 2020 with respect to Avangrid;
- (3) a copy of the Bylaws of Avangrid, certified by an officer of Avangrid as being complete and correct; and

(4) a copy of the resolutions adopted by the Board of Directors of Avangrid with respect to the Guarantees, certified by an officer thereof as being true, correct and complete;

and such other documents and certificates as we have deemed necessary or appropriate in rendering this opinion (collectively with the Guarantees, the "Reviewed Documents"). Our diligence for this opinion has been limited to a review of the Reviewed Documents. Except as expressly described herein, we have not undertaken any independent investigation of any factual matters which might be relevant to this opinion and we have made no independent investigation of the records of, or other matters relating to, Avangrid, CMP, NECEC LLC or any other entity. Any opinion or statement herein which is expressed "to our knowledge", "known to us" or otherwise qualified by words of like import means that only the lawyers currently practicing law with this firm who have had substantive involvement in representing Avangrid, CMP or NECEC LLC in connection with the subject matter of the opinions set forth herein have no actual knowledge of any facts or information contrary to such opinion or statement. We have not undertaken any independent investigation to determine the existence or absence of any fact, and no inference as to our knowledge of the existence or absence of any fact should be drawn from our representation of Avangrid, CMP or NECEC LLC or the rendering of this letter.

For the purposes of this opinion, we have assumed that all items submitted to us as originals are complete and authentic and all items submitted to us as copies are complete and conform to the original. We have further assumed that the signatures on all executed documents are genuine and that (i) the representations and warranties of CMP and NECEC LLC in the Support Agreement, dated as of December 29, 2020 (the "Support Agreement"), among CMP, NECEC LLC and H.Q. Energy Services (U.S.), Inc. are true and correct as of the date hereof as to factual matters; (ii) there has not been any fraud, duress, undue influence or material mistake of fact in connection with the transactions contemplated by the Support Agreement or any Guaranty, and there is no agreement, course of prior dealing or other arrangements between or among the parties (or, in the case of the Guarantees, any beneficiary thereof) that would alter the Support Agreement or any Guaranty; (iii) there are no agreements or other understandings between or among the parties that modify the terms of the Support Agreement or any Guaranty; (iv) there has not been a material breach of the obligations of any party to the Support Agreement or any Guaranty such that the performance of Avangrid, CMP or NECEC LLC would be excused; and (v) the Support Agreement and all other documents executed in connection with the transactions contemplated therein are the legal, valid, binding and enforceable obligations of all parties thereto other than Avangrid, CMP or NECEC LLC (subject to the limitations on enforceability described below) and each is in full force and effect, enforceable against all such parties thereto in accordance with the terms thereof.

Based upon the foregoing, we are of the opinion that:

1. Avangrid is a corporation validly existing and in good standing under the laws of the State of New York.

2. As of the date hereof, Avangrid:
 - (a) has the organizational power to execute, deliver and perform each Guaranty,
 - (b) has taken all corporate action necessary to authorize the execution, delivery and performance of each Guaranty, and
 - (c) has duly executed and delivered each Guaranty.
3. The execution and delivery of the Guarantees by Avangrid does not, and the performance by Avangrid of its obligations thereunder will not, result in a violation of its organizational documents.
4. Each Guaranty constitutes the valid and binding obligation of Avangrid, and is enforceable against Avangrid in accordance with its terms.

Our opinions set forth above are subject to the following qualifications:

(A) Our opinions expressed in Paragraph 1 above are based solely on the organizational documents of Avangrid, the identified certificates and documents received from the New York Secretary of State and our review of the applicable statutes. We have conducted no other investigation after such date, or otherwise reviewed or investigated the business of Avangrid.

(B) Our opinions herein are expressly subject to (x) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, marshaling and other laws and rules of law affecting the enforcement of creditors' rights and remedies generally (including such as may deny giving effect to waivers of debtors' or guarantors' rights, and specifically including the effect of fraudulent conveyance or similar laws on the enforceability Avangrid's obligations under any Guaranty), and (y) the exercise of judicial discretion in accordance with general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity), including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, and certain remedies provided may be unenforceable, limited or qualified under the laws of the State of Maine, including the possible unavailability of specific performance or injunctive relief, and may be affected generally by applicable rules of law that:

- (i) limit the enforceability of provisions releasing, exculpating or exempting a party from, or requiring indemnification of a party for, liability for its own action or inaction, to the extent the action or inaction involves negligence, recklessness, willful misconduct or unlawful conduct;

(ii) may, where less than all of a contract may be unenforceable, limit the enforceability of the balance of the contract to circumstances in which the unenforceable portion is not an essential part of the agreed exchange; or

(iii) govern and afford judicial discretion regarding the determination of damages and entitlement to attorneys' fees and other costs.

(C) Our opinion is subject to generally applicable rules of law that (i) limit or affect the enforcement of provisions that purport to require waiver of the obligations of good faith, fair dealing, diligence or reasonableness; (ii) provide that forum selection clauses in contracts are not necessarily binding on courts in the forum selected; (iii) limit the availability of a remedy under certain circumstances where another remedy has been elected; (iv) limit the right of a creditor to use force or cause a breach of the peace in enforcing rights or limit the effectiveness of waivers of rights or duties under applicable; (v) govern and grant judicial discretion regarding the determination of damages and entitlement to attorneys' fees and other costs; (vi) permit or provide for a cure of defaults; or (vii) impose requirements of good faith, fair dealing, commercial reasonableness and conscionability and all other similar equitable concepts on the administration or enforcement of contracts.

(D) We express no opinion as to provisions of any Guaranty relating to (i) the establishment of, or venue in, any court or the statutory jurisdiction of federal courts or Maine state courts; (ii) any service of process, waiver of venue or waiver of jury trial provision; (iii) any provision purporting to establish evidentiary standards or a presumption in favor of any party; or (iv) increased interest rates or late payment charges upon delinquency in payment or default or providing for liquidated damages, or for premiums on prepayment, acceleration, redemption, cancellation, or termination, to the extent any such provisions are deemed to be penalties or forfeitures, or in the case of liquidated damages that are unreasonable in amount.

(E) We express no opinion as to any provision of any Guaranty (i) that authorizes or permits any party to make determinations in its sole discretion, (ii) restricting access to legal or equitable remedies, (iii) purporting to appoint any person as the attorney-in-fact of any other person, (iv) that provides that such Guaranty may only be amended, modified or waived in writing, or (v) governing the rights or obligations of, or purporting to be binding upon, third parties.

(F) Our opinions are subject to principles of equity (regardless of whether such principles are considered in a proceeding at law or in equity). No opinion is given as to the availability of specific performance or other equitable relief of any kind, some or all of which may be applied or not applied in the discretion of the courts.

(G) No opinion is given herein as to any particular provision of any Guaranty relating to (i) waivers of defenses or other remedies, contractual limitations or modifications of statute of limitations, or other rights or benefits bestowed by operation of law that may

not under applicable law be waived, (ii) waivers of provisions which are not capable of waiver under applicable laws of the State of Maine or to the extent that any such waiver is found to be in violation of public policy, (iii) binding a party prior to the commencement of a bankruptcy proceeding to any course of action following the commencement of such bankruptcy proceedings, (iv) the enforceability of delinquency or late charges to the extent they are not reasonably related to anticipated loss, or (v) the right to exercise remedies upon the happening of a nonmaterial breach of such Guaranty (including material breaches of nonmaterial provisions thereof).

(H) We express no opinion as to any provision in any Guaranty purporting to permit the extension of the maturity or otherwise alter any of the terms of the obligations guaranteed under such Guaranty, without the express consent of Avangrid or of any other obligor with respect thereto.

(I) Enforcement of any Guaranty may be conditioned upon (i) the conduct of the beneficiaries thereof (or other persons or entities having enforcement rights thereunder) conforming at all times with any applicable implied covenant of good faith and fair dealing and general principles of equity, notwithstanding any language in such Guaranty reserving to the beneficiaries thereof or other persons or entities, either specifically or in effect, the right to take certain specified actions in its or their sole or absolute discretion; (ii) the duty of creditors to act in a commercially reasonable manner; and (iii) the doctrine announced by the Maine Law Court in *Top of the Track Associates v. Lewiston Raceways, Inc.*, 654 A.2d 1293 (Me. 1995), that despite the inclusion of an integration clause in a contract and the absence of textual ambiguity, the courts may give effect to implied terms relating to the parties' realization of the basic benefits of the contract. In addition, enforcement of any Guaranty may be affected by the holding of the United States District Court for the District of Maine in *Wortley v. Camplin*, 214 F.Supp. 2d 18 (2002) (fn. 6), in which the District Court permitted the introduction of parol evidence in a federal securities fraud case, despite the existence of a merger or integration clause, after concluding that the effect of a merger or integration clause on the reasonableness of a plaintiff's reliance on the alleged misrepresentation is a question of fact.

(J) The interpretation and construction of the Guaranty may be affected by parol or other extrinsic evidence, despite the inclusion of a merger or integration clause. In particular, pursuant to the holding of the Maine Law Court in *Canal National Bank v. Becker*, 431 A.2d 71 (Me. 1981), that a mortgagor is permitted to introduce parol evidence to show that the parties did not intend an advance made subsequent to the recording of a mortgage to be secured by a previously granted mortgage, and, to this extent, evidence may be admitted to vary the terms of any Guaranty.

(K) We call your attention to the fact that determination of damages and entitlement to reimbursement for costs and expenses (including, without limitation, attorneys' fees) is within the judicial discretion of the court before which such relief is requested.

(L) We express no opinion as to any federal or state securities laws, or any rules or regulations promulgated thereunder, including without limitation the Securities Act of 1933, the Trust Indenture Act of 1939, the Investment Company Act of 1940 and the Maine Uniform Securities Act, or the effect of non-compliance with any such law, rule or regulation on the enforceability of any Guaranty.

(M) Our opinion in Paragraph 4 is subject to the effect of generally applicable rules of law that may, in the absence of a waiver or consent, discharge a guarantor to the extent that (i) action by a creditor impairs the value of collateral securing a guaranteed obligation to the detriment of the guarantor, or (ii) a guaranteed obligation is materially modified.

(N) Any beneficiary of (or other person or entity seeking to enforce) any Guaranty required to be qualified to do business in the State of Maine must be duly qualified under applicable law as a condition to maintaining any action, suit or proceeding in the State of Maine.

(O) The opinions expressed herein shall be effective only as to the date of this opinion letter. We do not assume responsibility for updating this opinion letter as of any date subsequent to the date of this opinion letter, and assume no responsibility for advising you of (i) any changes with respect to any matters described in this opinion letter or (ii) the discovery subsequent to the date of this opinion letter of factual information not previously known to us pertaining to the events occurring or circumstances prevailing on or prior to the date of this opinion letter.

This opinion letter shall be interpreted in accordance with the customary practice of United States lawyers who regularly give, and lawyers who regularly advise recipients regarding, opinions of the kind included in this opinion letter. Our advice on each legal issue addressed in this letter represents our opinion as to how that issue would be resolved were it to be considered by the highest court of the jurisdiction upon whose law our opinion on that issue is based. The manner in which any particular issue would be treated in any actual court case would depend in part on facts and circumstances particular to the case, and this letter is not intended to guarantee the transactions or the outcome of any legal dispute which may arise in the future.

This opinion is furnished to you in connection with the transactions described above and may not be relied upon by anyone other than you. Without our prior written consent this opinion may not be published, quoted or referenced to, or filed with, any person or governmental agency in connection with any matter or in any manner whatsoever, except that this letter or a copy hereof may be shown to any governmental agency or self-regulatory

Beneficiaries Identified in Exhibit A hereto
December 29, 2020
Page 7

organization which has regulatory authority over you or customarily reviews your files, books and records.

Respectfully submitted,

PIERCE ATWOOD LLP

By: _____
A Member of the Firm

EXHIBIT A

The Guarantees:

1. Guaranty related to the Dirigo EV Fund
2. Guaranty related to the Franklin County Host Community Benefits Fund
3. Guaranty related to the NECEC Grant Fund
4. Guaranty related to the Support Agreement
5. Guaranty related to the Transfer Agreement
6. Guaranty related to the NECEC Heat Pump Fund

Beneficiaries under the Guarantees:

As to all Guarantees: CMP (as direct Beneficiary), the Maine Office of the Public Advocate (as a Third Party Beneficiary), the State of Maine acting through the Governor's Energy Office (as a Third Party Beneficiary) and the Industrial Energy Consumer Group (as a Third Party Beneficiary).

As to the Guaranty related to the NECEC Heat Pump Fund: Conservation Law Foundation (as a Third Party Beneficiary) and Acadia Center (as a Third Party Beneficiary).

As to the Guaranty related to the Transfer Agreement: Conservation Law Foundation (as a Third Party Beneficiary), Acadia Center (as a Third Party Beneficiary), Western Mountains & Rivers Corporation (as a Third Party Beneficiary), the City of Lewiston, Maine (as a Third Party Beneficiary), the Maine State Chamber of Commerce (as a Third Party Beneficiary), the International Brotherhood of Electrical Workers (as a Third Party Beneficiary), and Friends of Maine Mountains (as a Third Party Beneficiary).

As to the Guaranty related to the Support Agreement: H.Q. Energy Services (U.S.) Inc. (as a Third Party Beneficiary), Conservation Law Foundation (as a Third Party Beneficiary), Acadia Center (as a Third Party Beneficiary), Western Mountains & Rivers Corporation (as a Third Party Beneficiary), the City of Lewiston, Maine (as a Third Party Beneficiary), the Maine State Chamber of Commerce (as a Third Party Beneficiary), the International Brotherhood of Electrical Workers (as a Third Party Beneficiary), and Friends of Maine Mountains (as a Third Party Beneficiary).

ATTACHMENT B

If to CMP:

Central Maine Power Company
Attn: Douglas Herling, President & CEO
83 Edison Drive
Augusta, Maine 04330

With a copy of any such notice to CMP to:

Central Maine Power Company
Attn: Legal Department
83 Edison Drive
Augusta ME 04336

And with a further copy of any such notice to CMP to:

Pierce Atwood LLP
Attn: Jared des Rosiers
254 Commercial Street
Portland ME 04101

Any such notices shall be copied to the GEO, Public Advocate, IECG, HQUS and the other third party beneficiaries at:

To the State of Maine acting through the Governor's Energy of Office:

State of Maine
Governor's Energy Office
62 State House Station
Augusta, Maine 04333-0062
Attn: Legal

To the Maine Public Advocate:

Maine Public Advocate
Office of the Public Advocate
112 State House Station
Augusta, Maine 04333-0112

To the Industrial Energy Consumer Group:

Industrial Energy Consumer Group
c/o Anthony W. Buxton
Preti Flaherty
PO Box 1058
Augusta, Maine 04332

To H.Q. Energy Services (U.S.) Inc.:

H.Q. Energy Services (U.S.) Inc.
75 René-Lévesque boulevard West, 18th Floor
Montréal, Québec, Canada H2Z 1A4
Attention of: President

With a copy of any such notice to HQUS to:

Hydro-Québec – Legal Affairs
75 René-Lévesque boulevard West, 4th Floor
Montréal, Québec, Canada H2Z 1A4
Attention of: Nicolas Leblanc, Director – Commercial Projects and Strategic Alliances

With a further copy of any such notice to HQUS to:

Eaton Peabody
Attn: President
80 Exchange Street
Bangor, ME 04401

To the Conservation Law Foundation:

Conservation Law Foundation
Phelps Turner
53 Exchange Street, Suite 200
Portland, ME 04101

To the Acadia Center:

Acadia Center
Jeff Marks
Maine Director & Senior Policy Advocate
8 Summer Street
PO Box 583
Rockport, ME 04856

With a copy to :

Acadia Center
Amy E. Boyd, Esq.
Senior Attorney
31 Milk Street, Suite 501
Boston, MA 02109

To the Western Mountains & Rivers Corporation:

Western Mountains & Rivers Corporation
Russell Walters, President
PO Box 92
Kingfield, ME 04947

To the City of Lewiston:

City of Lewiston
Denis D'Auteuil
Lewiston City Administrator
Lewiston City Hall
27 Pine Street
Lewiston, ME 04240

To the Maine State Chamber of Commerce:

Maine State Chamber of Commerce
Dana F. Connors, President
7 University Drive
Augusta, ME 04330-8042

To the International Brotherhood of Electrical Workers , Local 104:

International Brotherhood of Electrical Workers, Local 104
Tim Burgess
Business Representative
238 Goddard Road
Lewiston, ME 04240

To the Friends of Maine Mountains:

Friends of Maine Mountains
Rand N. Stowell
Friends of Maine Mountains
P.O. Box 263
South Freeport, ME 04078

or at such other address as GEO, Public Advocate, IECG or the other third party beneficiaries may designate by ten (10) days advance written notice to the Guarantor and to CMP and to any other parties required to be copied by this Guaranty.

Thorn Dickinson

**Exhibit
NECEC LLC-1-E
(NECEC II Stipulation)**

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2019-00179

July 30, 2020

CENTRAL MAINE POWER COMPANY,
Request for Approval to Transfer the New
England Clean Energy Connect to
NECEC Transmission, LLC

STIPULATION

STIPULATION

TABLE OF CONTENTS

I.	PURPOSE	4
II.	PROCEDURAL BACKGROUND	5
III.	PARTIES AND SETTLEMENT PROCESS	10
IV.	RECORD	11
V.	RECOMMENDED APPROVALS AND FINDINGS	12
	A. Approval of the NECEC II Stipulation	12
	B. Approval of the NECEC LLC as a Maine Transmission and Distribution Utility	12
	C. Approval of the Transfer Agreement between CMP and NECEC LLC and the NECEC LLC and CMP Intercompany Agreements	14
	D. Approval of NECEC LLC Intercompany Agreements with Other Affiliates	17
	E. Approval of NECEC LLC Financing Arrangements and Debt and Evidence of Indebtedness	20
	F. Approval of Satisfaction of NECEC I Order Compliance Filing Obligations	21
	G. CMP and NECEC LLC Commitments	22
	H. Implementation of Expedited Review Process and Waiver of 35-A M.R.S. §§ 707 and 902 Pre-Filing Requirements	27
	I. Holder of Funds Paid by NECEC LLC and HQUS Pursuant to NECEC I Stipulation	28
	J. Acceleration of HQUS’s Performance of Certain Payment Obligations Pursuant to the Support Agreement	30
	K. Acceleration of NECEC LLC’s Performance of Certain Payment Obligations Pursuant to the NECEC I Stipulation	33
	L. NECEC I Stipulation Payment Acceleration Provisions	36
	M. Security Interest in NECEC LLC Payment Rights to Certain HQUS Payments Under the Support Agreement	37
VI.	ADDITIONAL STIPULATION TERMS	37

ATTACHMENTS

- Attachment 1: Transfer Agreement
- Attachment 2: Joint Development Agreement dated January 23, 2019 between CMP and Hydro-Quebec Transénergie (Confidential)
- Attachment 3: Memorandum of Understanding dated January 23, 2019 between CMP and H.Q. Energy Services (U.S.) Inc. (Confidential)
- Attachment 4: Back-to-Back Agreement between Avangrid, Inc. and Avangrid Networks from Avangrid Networks to NECEC LLC
- Attachment 5: Service Agreement between NECEC LLC and Avangrid Service Company
- Attachment 6: Service Agreements between NECEC LLC and other Avangrid Networks Operating Companies (“OpCos”), including, without limitation, New York State Electric and Gas Company (“NYSEG”), Rochester Gas and Electric Company (“RGE”) and United Illuminating Company (“UIL”)
- Attachment 7: Loan Agreement between NECEC LLC and Avangrid, Inc.
- Attachment 8: Collateral Support and Reimbursement Agreement between NECEC LLC and Avangrid, Inc.
- Attachment 9: Avangrid, Inc. Guaranty – Transfer Agreement
- Attachment 10: Avangrid, Inc. Guaranty - NECEC Heat Pump Fund
- Attachment 11: Avangrid, Inc. Guaranty - Dirigo EV Fund
- Attachment 12: Avangrid, Inc. Guaranty - Franklin County Host Community Benefits Fund
- Attachment 13: Avangrid, Inc. Guaranty - Education Grant Fund
- Attachment 14: Avangrid, Inc. Guaranty - Support Agreement
- Attachment 15: Avangrid, Inc. Guaranty of NECEC LLC’s obligations under the EPC Agreement
- Attachment 16: Avangrid, Inc. Guaranties of NECEC LLC’s obligations under the Transmission Service Agreements (Confidential)
- Attachment 17: Support Agreement between NECEC LLC, CMP and H.Q. Energy Services (U.S.), Inc. (HQUS) and inuring to the benefit of Third Party Beneficiaries
- Attachment 18: Updated accounting entries (Confidential)

Central Maine Power Company (“CMP” or the “Company”), NECEC Transmission LLC (“NECEC LLC”), the Maine Office of the Public Advocate (the “OPA”), the Governor’s Energy Office (the “GEO”), and the Industrial Energy Consumer Group (the “IECG”) (collectively referred to as the “Stipulating Parties”) hereby submit this Stipulation in the above-referenced proceeding (“NECEC II Stipulation”) pursuant to which the Stipulating Parties agree and stipulate as follows:

I. PURPOSE

The New England Clean Energy Connect transmission project (“NECEC” or “NECEC Project”) is a new 320 kV overhead high voltage direct current transmission line from the Québec-Maine border to Lewiston, Maine that will enable the delivery of up to 1,200 MW of hydroelectric energy from Québec to New England for a period of at least 20 years. The Maine Public Utilities Commission (“Commission”) granted a certificate of public convenience and necessity (“CPCN”) for the NECEC on May 3, 2019.¹

The purpose of this NECEC II Stipulation is to achieve an agreed upon resolution of CMP and NECEC LLC’s petition for approvals related to the creation of NECEC LLC as a Maine transmission and distribution utility and the transfer of the NECEC Project to NECEC LLC.

This NECEC II Stipulation is the result of extensive settlement negotiations and discussions among CMP, NECEC LLC, and the intervening parties, including the Stipulating

¹ *Central Maine Power Company, Request for Approval of CPCN for the New England Clean Energy Connect Consisting of the Construction of a 1,200 MW HVDC Transmission Line from Quebec-Maine Border to Lewiston (NECEC) and Related Network Upgrades*, Docket No. 2017-00232, Order Granting Certificate of Public Convenience and Necessity and Approving Stipulation (May 3, 2019) (“NECEC I Order”).

Parties, and Commission Staff. The Stipulating Parties recommend that the Commission approve the provisions as set forth below.

The provisions agreed to in this NECEC II Stipulation have been reached as a result of fair, open, and transparent settlement negotiations based on information presented in this proceeding and gathered through discovery and discussions among CMP, NECEC LLC, and the intervening parties, including the Stipulating Parties, and Commission Staff. The Stipulating Parties represent a broad spectrum of interests and constitute the majority of the active participants in the proceeding.

II. PROCEDURAL BACKGROUND

The procedural history of this proceeding, starting with a brief reference to the prior NECEC proceeding for context, is presented below:

1. In the first NECEC docket, Docket No. 2017-00232, CMP filed a petition on September 27, 2017, requesting that the Commission grant a CPCN for the NECEC. After a full adjudication before the Commission, CMP, NECEC and a group of diverse intervenors submitted a stipulation to the Commission on February 21, 2019, to resolve the outstanding issues and request that the Commission issue a CPCN for the NECEC.² Under the terms of the NECEC I Stipulation, CMP agreed to transfer and convey the NECEC Project to NECEC LLC³ and agreed to obtain Commission approval of all affiliate transactions

² *Central Maine Power Company, Request for Approval of CPCN for the New England Clean Energy Connect Consisting of the Construction of a 1,200 MW HVDC Transmission Line from Quebec-Maine Border to Lewiston (NECEC) and Related Network Upgrades*, Docket No. 2017-00232, Stipulation (Feb. 21, 2019) (“NECEC I Stipulation”). The Stipulating Parties to the NECEC I Stipulation included CMP, the OPA, the GEO, IECG, Acadia Center, Western Mountains & Rivers Corporation (“WMRC”), City of Lewiston, Maine State Chamber of Commerce (“Chamber”), and the International Brotherhood of Electrical Workers (“IBEW”). NECEC I Stipulation at 1.

³ NECEC I Stipulation at § V.B.1 at 16.

related to the transfer, construction, operation or maintenance of the NECEC Project requiring approval under Maine law.⁴ The NECEC I Stipulation also confirmed various commitments by CMP, NECEC LLC and H.Q. Energy Services (U.S.) Inc. (“HQUS”) to provide certain benefits to the State of Maine, with HQUS’s obligations to be memorialized in a Support Agreement among CMP, NECEC LLC and HQUS and to be secured through a parent guaranty and other appropriate credit support.⁵

2. On May 3, 2019, the Commission issued an order granting a CPCN for the NECEC and approving the NECEC I Stipulation.⁶ The NECEC I Order contained numerous conditions of approval, including requiring CMP to file: (1) a petition for reorganization approval, pursuant to Title 35-A, Section 708, to authorize the establishment of NECEC LLC; and (2) a petition for approval of affiliate transactions, pursuant to Title 35-A, Section 707, related to the development and operations of the NECEC.⁷

3. On August 13, 2019, CMP and NECEC LLC filed a joint petition in a new proceeding seeking the approvals needed to effect the transfer of the NECEC from CMP to NECEC LLC in compliance with the conditions and commitments set forth in the NECEC I Order.⁸ Specifically, the Petition requested that the Commission grant: (1) reorganization approval pursuant to Title 35-A, Section 708, to create NECEC LLC,⁹ and (2) approvals

⁴ NECEC I Stipulation at § V.B.1at 16-20.

⁵ NECEC I Stipulation at § V.B.4-V.B.16 at 21-36.

⁶ NECEC I Order at 99.

⁷ NECEC I Order at 99.

⁸ *Central Maine Power Company, Petition for Approvals Pursuant to 35-A M.R.S. §§ 707, 708, 901, 902 and 1101 Related to the Transfer of the New England Clean Energy Connect (NECEC) Transmission Project to NECEC Transmission LLC*, Petition (Aug. 13, 2019) (“Petition”).

⁹ See Petition at 12-14.

pursuant to Title 35-A, Sections 707, 901, 902, and 1101 of transfers, conveyances, assumptions of indebtedness, and affiliate transactions necessary to effect the transfer of, and facilitate the construction, operation, and maintenance of, the NECEC.¹⁰ The Petition also requested the Commission to find that (1) the accounting entries to remove NECEC-related development expenses from CMP's books and accounts, and (2) the Support Agreement among CMP, NECEC LLC, and HQUS contractually obligating HQUS to provide the additional benefits called for in the NECEC I Stipulation, all comply with the terms of the NECEC I Order and NECEC I Stipulation.¹¹

4. On August 28, 2019, the Commission issued a Notice of Proceeding allowing interested parties to intervene by September 12, 2019, and scheduling an initial case conference for September 19, 2019. Timely petitions to intervene were filed by the Natural Resources Council of Maine, the OPA, the Conservation Law Foundation, IECG, the Old Canada Road National Scenic Byway, Inc., and Dot Kelly.

5. By procedural order issued on September 20, 2019, the Hearing Examiners granted party status to the intervenors and established an initial case schedule including written data requests, CMP's responses to data requests, and a technical conference. Parties submitted written data requests to CMP on October 1, 2019, October 3, 2019, and October 18, 2019, and CMP filed responses to those requests thereafter on a timely basis.

6. On October 16, 2019, a technical conference was held, thereafter the parties agreed to enter into settlement discussions.

¹⁰ See Petition at 14-30.

¹¹ See Petition at 35-38.

7. On October 31, 2019, the Commission issued an order suspending the various statutory timelines invoked by the Petition to allow for additional time to fully investigate the requested approvals.

8. Settlement conferences were held on November 1, 2019, December 10, 2019, and February 12, 2020. The Commission provided all of the parties to this proceeding advance notice of each settlement conference via procedural orders filed in the Commission's case management system ("CMS") on October 16, 2019, November 21, 2019, and February 10, 2020, respectively.

9. The Commission issued a subsequent Procedural Order on February 27, 2020 extending suspension of the statutory deadlines until April 10, 2020.

10. On March 1, 2020, the GEO submitted a late-filed petition to intervene to which the Commission provided the parties with an opportunity to respond. After receiving comments from CMP, NECEC LLC, and the IECG, the Hearing Examiners issued a procedural order on March 9, 2020 granting the GEO's petition to intervene on the condition that the GEO take the case as it found it.

11. In its procedural order scheduling the April 8, 2020 settlement conference, the Commission sought comment from the parties by March 31, 2020 as to the appropriate procedural steps to complete adjudication of this matter. On March 31, 2020, CMP and NECEC LLC submitted joint comments in response and proposed a schedule for the remainder of the proceeding. CMP and NECEC LLC also requested further suspension of the statutory deadlines until May 15, 2020. The GEO filed comments on April 1, 2020, indicating that it would use best efforts to adhere to the proposed schedule but may

require additional time to participate fully in this proceeding due to the ongoing coronavirus emergency.

12. By procedural order issued on April 1, 2020, the Commission allowed for further comments on the proposed schedule and request to further suspend deadlines. No additional comments were filed and pursuant to the proposed schedule, on April 6, 2020, CMP submitted revised settlement documents for discussion at the April 8, 2020 settlement conference.

13. An additional settlement conference was held on April 8, 2020. The Commission provided all of the parties to this proceeding advance notice of the April 8, 2020 settlement conference via a procedural order filed in the Commission's CMS on March 24, 2020.

14. CMP and NECEC LLC submitted letters on May 13, 2020, June 25, 2020, and June 29, 2020, to update the Commission and the intervenor parties on the progress of settlement negotiations.

15. On July 2, 2020, the Commission issued an order that deemed the May 13, 2020 CMP and NECEC LLC letter requesting additional time for review as a withdrawal and refiling of the Petition, thereby resetting the statutory timeframes for review and allowing for additional time to fully investigate the requested approvals.

16. On July 10, 2020, CMP and NECEC filed a draft stipulation for review and comment at the July 14, 2020 settlement conference.

17. An additional settlement conference was held on July 14, 2020. The Commission provided all of the parties to this proceeding advance notice of these

settlement conferences via a procedural order filed in the Commission's CMS on June 29, 2020.

18. On July 16, 2020 CMP and NECEC LLC filed an additional draft stipulation reflecting the comments of the Commission Staff and parties for final review and comment.

19. On July 30, CMP and NECEC LLC filed the final stipulation along with an explanatory cover letter.

20. Between November 1, 2019 and the date of filing of the final stipulation, CMP, NECEC LLC, the GEO, IECG and the OPA held additional telephonic conferences to address concerns raised by the GEO, IECG and OPA in the Stipulation. Representatives of Hydro-Québec participated in some of those conversations.

21. CMP and NECEC LLC have filed this NECEC II Stipulation on behalf of the Stipulating Parties and an accompanying cover letter on the date referenced above in the caption in accordance with the requirements of Section 8.D of Chapter 110 of the Commission's rules.

III. PARTIES AND SETTLEMENT PROCESS

To accept a stipulation, the Commission must find that:

- The Parties joining the stipulation represent a sufficiently broad spectrum of interests that the Commission can be sure that there is no appearance or reality of disenfranchisement;
- The process that led to the stipulation was fair to all parties;
- The stipulated result is reasonable and is not contrary to legislative mandate; and
- The overall stipulated result is in the public interest.

The undersigned Stipulating Parties believe that each of these factors is satisfied through this NECEC II Stipulation. The parties joining this Stipulation represent a broad

spectrum of interests and the majority of the active participants in this proceeding. Specifically, the Stipulating Parties include CMP and NECEC LLC, the utilities seeking the Commission approval of the transfer of the NECEC Project; the OPA, who is charged with representing the interests of Maine's ratepayers; the GEO, who represents the only elected state official representative of all Maine citizens; and the IECG, who represents the interests of large industrial customers.

The process that achieved this Stipulation was fair to all intervening parties, and all intervening parties had the opportunity to participate in settlement discussions. CMP and NECEC LLC engaged in numerous extensive settlement communications with the active intervening parties who raised particular issues throughout the pendency of this proceeding. In addition, formal settlement conferences, noticed in advance by procedural order, were held on November 1, 2019, December 10, 2019, February 12, 2020, April 8, 2020, and July 14, 2020. All parties to this proceeding had an opportunity to participate in these settlement conferences and most availed themselves of this opportunity. The Commission Staff participated in the formal settlement conferences hosted by the Commission, and no party objected to such participation.

As a result of these settlement discussions, the Stipulating Parties have resolved all issues between them in this proceeding and agreed upon the following terms:

IV. RECORD

The record in this proceeding provides ample information on which the Stipulating Parties and the Commission may base their conclusions regarding this Stipulation. These materials include:

- CMP's Petition and all supporting exhibits and materials;

- CMP and NECEC LLC's responses to written and oral data requests and attachments to such responses;
- Transcripts of all technical conferences; and
- This Stipulation, including the attachments hereto, and accompanying cover letter.

V. RECOMMENDED APPROVALS AND FINDINGS

A. Approval of the NECEC II Stipulation

1. The Stipulating Parties agree and recommend that Commission issue an order that approves, accepts and adopts this NECEC II Stipulation on the basis that: (a) the Parties joining the NECEC II Stipulation represent a sufficiently broad spectrum of interests that the Commission can be sure that there is no appearance or reality of disenfranchisement; (b) the process that led to the Stipulation was fair to all parties; (c) the stipulated result is reasonable and is not contrary to legislative mandate; and (d) the overall stipulated result is in the public interest as described in more detail below.

2. The Stipulating parties further agree and recommend that by approving this NECEC Stipulation the Commission make the following further findings and approvals.

B. Approval of the NECEC LLC as a Maine Transmission and Distribution Utility

1. NECEC LLC is a Maine electric transmission and distribution utility under Maine public utility law. *See* 35-A M.R.S. § 102(20-B), and that by approving this NECEC II Stipulation the Commission grants approval pursuant to 35-A M.R.S. § 708 of the reorganization creating NECEC LLC. Section 708 approval is appropriate because the creation of NECEC LLC is consistent with the interests of CMP and NECEC LLC's customers and investors where the Commission's NECEC I Stipulation and NECEC I Order require the transfer of the NECEC Project from CMP to NECEC LLC prior to the start of construction of

the NECEC Project, the transfer insulates CMP and its customers from the risks associated with the construction and operation of the NECEC Project, and the transfer facilitates the construction and operation of the NECEC, which is required for NECEC LLC's customers to receive service from the NECEC and for the State of Maine and CMP's customers to reap the benefits of the NECEC.¹²

2. By approving this NECEC II Stipulation, the Commission approves pursuant to 35-A M.R.S. § 2102, NECEC LLC providing service as a second utility within CMP's service territory with CMP's consent. This approval does not authorize the provision of direct retail service to customers located within CMP's service territory and NECEC LLC is not authorized to provide such retail service without the further express consent of the Commission.

3. For all the reasons stated in the NECEC I Order, through the Commission's approval order of this NECEC II Stipulation, the Commission ratifies, affirms, and approves that the Section 3132 CPCN issued in Docket No. 2017-00232 authorizing the construction, ownership, and operation of the NECEC Project, is now held by NECEC LLC and that NECEC LLC is now responsible for full compliance with all the provisions of the NECEC I Order applicable to NECEC LLC and with all relevant provisions of Title 35-A applicable to the construction, ownership and operation of the NECEC Project, except with respect to those obligations that are specifically reserved for and to CMP in the NECEC I Stipulation and the NECEC I Order for and to CMP after the transfer.

¹² NECEC I Order at 75, 99.

C. Approval of the Transfer Agreement between CMP and NECEC LLC and the NECEC LLC and CMP Intercompany Agreements

The Stipulating parties further agree and recommend that the Commission find that:

1. By approving this NECEC II Stipulation, the Transfer Agreement, attached to this NECEC II Stipulation as **Attachment 1**,¹³ (i) is required to effectuate the transfer of the NECEC project from CMP to NECEC LLC consistent with the NECEC I Order and will result in no net harm as it is not adverse to the public interest, (ii) is not inconsistent with the interests of CMP or its customers or NECEC LLC or its customers, and (iii) is approved pursuant to 35-A M.R.S. §§ 707 and 1101.

2. This approval of the Transfer Agreement includes Commission approval of the conveyance of the following rights, title and interests, approvals and agreements referenced in the Transfer Agreement:

- a. Real Estate Interests;
- b. Permits;
- c. Transmission Service Agreements between CMP and HQUS and the Transmission Service Agreements between CMP and the Massachusetts Electric Distribution Companies (“TSAs”);¹⁴

¹³ The original version of the Transfer Agreement was attached to the Petition as Exhibit 2. A revised version of the Transfer Agreement reflecting changes agreed to during the proceeding is attached to this NECEC II Stipulation.

¹⁴ As described more fully in Section V.A.1.c of the Petition, the TSAs consist of the following documents filed in the NECEC I Proceeding, Docket No. 2017-00232 as amended or modified from time to time: Transmission Service Agreement between Central Maine Power Company and Nstar Electric Company d/b/a Eversource Energy (Docket No. 2017-00232 Exhibit NECEC-17); Transmission Service Agreement between Central Maine Power Company and Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid (Docket No. 2017-00232 Exhibit NECEC-18); and Transmission Service Agreement between Central Maine Power Company and Fitchburg Gas and Electric Light Company d/b/a Unitil (Docket No. 2017-00232 Exhibit NECEC-19); Transmission Service Agreement (Eversource Energy – 579.335 MW) between Central Maine Power Company and H.Q. Energy Services (U.S.) Inc. (Docket No. 2017-00232 Exhibit NECEC-20); Transmission Service Agreement (National Grid – 498.348 MW) between Central Maine Power Company and H.Q. Energy Services (U.S.) Inc. (Docket No. 2017-00232 Exhibit NECEC-21); Transmission Service Agreement (Unitil – 12.317 MW) between Central Maine Power Company and H.Q. Energy Services (U.S.) Inc. (Docket No. 2017-00232 Exhibit NECEC-22); and an additional Transmission Service Agreement between Central Maine Power Company and H.Q. Energy Services (U.S.) Inc. for 110 MW of transmission capacity (Docket No. 2017-

- d. Third Party Vendor Agreements;¹⁵
- e. Miscellaneous Agreements;¹⁶
- f. Such other tangible and intangible assets related to the NECEC that CMP may possess including, without limitation, designs, plans and other work product of CMP or vendors related to the NECEC, and intellectual property related to the NECEC Project (“Related Assets”);¹⁷ and
- g. Any real estate interests in non-operating property owned by CMP and required for the development or operation of the NECEC project; as well as any other real estate interests and permits that CMP has acquired or will acquire in connection with the NECEC project prior to the closing on the Transfer Agreement.

3. This approval of the Transfer Agreement includes Commission approval of the following intercompany agreements between CMP and NECEC LLC that are necessary to facilitate the development, construction, operation and maintenance of the NECEC Project:

00232 Exhibit NECEC-23). The TSAs were fully incorporated into this NECEC II Proceeding through the Petition at 19-20, footnotes 46-48.

¹⁵ The Third Party Vendor Agreements are listed in Exhibit I-1 to the Transfer Agreement and are referenced in the Petition at 21.

¹⁶ The Miscellaneous Agreements are listed in Exhibit I-2 to the Transfer Agreement. The Miscellaneous Agreements include the Joint Development Agreement dated January 23, 2019 between CMP and Hydro-Quebec Transénergie (submitted as Petition Confidential Exhibit 5 and attached hereto as **Attachment 2**); the Memorandum of Understanding dated January 23, 2019 between CMP and H.Q. Energy Services (U.S.) Inc. (submitted as Confidential Exhibit 6 to the Petition and attached hereto as **Attachment 3**); the Memorandum of Understanding dated June 13, 2018 between CMP and The Low Income Energy Affordability Network (LEAN) (“LEAN MOU”) (the LEAN MOU was submitted to the Commission in the NECEC I Proceeding as Attachment 51 to IECG-001-034 and was fully incorporated in to this NECEC II Proceeding through the Petition at 24-35, footnote 53); the Collaboration and Master Funding Agreement effective as of September 20, 2019 between CMP and the University of Massachusetts on behalf of its Lowell campus (“UMass”) (“UMASS Collaboration Agreement”) which supersedes the Memorandum of Understanding (“UMASS MOU”) dated January 17, 2018 among the same parties (The UMASS MOU was submitted to the Commission in the NECEC I Proceeding and was fully incorporated in to this NECEC II Proceeding through the Petition at 24-25, footnote 54); and the Memorandum of Agreement between the U.S. Army Corps of Engineers, the U.S. Department of Energy, the U.S. Department of Interior, National Park Service, CMP and the Maine State Historic Preservation Officer regarding the NECEC dated on or about June 19, 2020.

¹⁷ The related assets are discussed in Section 4(b) of the Transfer Agreement and in the Petition at 16 and 26.

- a. Service Agreement between CMP and NECEC LLC (submitted as Exhibit J to the Transfer Agreement);
- b. Reservation of CMP's right to sublease a portion of the State of Maine Lease (referenced in Section 9 of the Transfer Agreement);
- c. Reciprocal Easement Agreement providing CMP and NECEC LLC access to various parcels of land on and around the Converter Station Parcel and Transmission Corridor and other access easement agreements between CMP and NECEC LLC (submitted as Exhibit K to the Transfer Agreement); and
- d. Any agreements or applications required to obtain any regulatory approvals or third party consents or other agreements that may be required to effectuate the transactions contemplated by the Transfer Agreement.

4. This approval of the Transfer Agreement also includes Commission approval of NECEC LLC's assumption of some of CMP's rights and obligations under the following agreements:

- a. Memorandum of Understanding dated May 30, 2018 between CMP and WM&RC ("WM&RC MOU") including the February 28, 2019 Amendment to the WM&RC MOU;¹⁸
- b. Memorandum of Understanding dated January 30, 2019 between CMP and Conservation Law Foundation and Acadia Center ("CLF MOU");¹⁹ and
- c. Letter with Maine Appalachian Trail Club and the Appalachian Trail Conservancy;²⁰

¹⁸ The WMRC MOU was originally submitted in the NECEC I Proceeding, Docket No. 2017-00232, as Exhibit NECEC-25 and was fully incorporated as amended into this NECEC II Proceeding through the Petition at 23, footnote 50.

¹⁹ The CLF MOU is referenced in the Petition at 24-25.

²⁰ The Maine Appalachian Trail Club Letter and the Appalachian Trail Conservancy Letter is referenced in the Petition at 24-25.

5. The Interconnection Agreement²¹ between NECEC LLC, CMP and ISO New England, Inc., interconnection study agreements, and any other agreements between NECEC LLC and CMP that are required to construct and operate the Network Upgrades associated with the NECEC Project are approved.

6. Agreements between NECEC LLC and CMP to facilitate the development, construction, operation and maintenance of the NECEC project submitted to the Commission pursuant to the Expedited Review Process set forth below in Section V.H; (the agreements listed in subsections V.C.3, V.C.4 and V.C.5 of this NECEC II Stipulation collectively referred to as the “NECEC LLC and CMP Intercompany Agreements”).

7. The NECEC LLC and CMP Intercompany Agreements (i) are necessary to facilitate the development, construction, operation and maintenance of the NECEC Project and will result in no net harm as the agreements are not adverse to the public interest; (ii) are not inconsistent with the interests of CMP or its customers or NECEC LLC or its customers; and (iii) are approved pursuant to 35-A M.R.S. §§ 707 and, as applicable, and 1101.

D. Approval of NECEC LLC Intercompany Agreements with Other Affiliates

1. The following intercompany agreements and transactions between NECEC LLC and other affiliates are necessary to facilitate the development, construction, operation and maintenance of the NECEC project:

- a. Transfer of the ABB, Inc. EPC Agreement from Avangrid Networks to NECEC LLC;²²

²¹ The Interconnection Agreement will be entered into pursuant to ISO-NE’s Elective Transmission Upgrade Interconnection Procedures set forth in Schedule 25 of the ISO-NE Open Access Transmission Tariff (OATT).

²² The ABB, Inc. EPC Agreement is discussed in the Petition at 21.

- b. Transfer of the Back-to-Back Agreement between Avangrid, Inc. and Avangrid Networks from Avangrid Networks to NECEC LLC (submitted in this proceeding as Confidential Exhibit 3 to the Petition and attached hereto as **Attachment 4**);
- c. Service Agreement between NECEC LLC and Avangrid Service Company (“ASC”) (submitted in this proceeding as Petition Exhibit 7 and attached hereto as **Attachment 5**);
- d. Service Agreements between NECEC LLC and other Avangrid Networks Operating Companies (“OpCos”), including, without limitation, New York State Electric and Gas Company (“NYSEG”), Rochester Gas and Electric Company (“RGE”) and United Illuminating Company (“UIL”) (Form of OpCo to OpCo Service Agreement submitted in this proceeding as Petition Exhibit 8 and attached hereto as **Attachment 6**);
- e. Loan Agreement between NECEC LLC and Avangrid, Inc. (original version submitted in this proceeding as Petition Exhibit 9; revised version attached hereto as **Attachment 7**);
- f. Collateral Support and Reimbursement Agreement between NECEC LLC and Avangrid, Inc. (submitted in this proceeding as Petition Exhibit 10 and attached hereto as **Attachment 8**) and the letters of credit associated with the NECEC Project issued pursuant to this Agreement;
- g. The following Avangrid, Inc. guaranties, which will be issued by Avangrid, Inc. pursuant to the Collateral Support and Reimbursement Agreement referenced above:
 - 1) Avangrid, Inc. Guaranty guaranteeing to CMP and the Third Party Beneficiaries the obligations of NECEC LLC under the Transfer Agreement to pay the consideration for the transfer of the NECEC Project pursuant to Section V.B, paragraph 1.b of the NECEC I Stipulation attached hereto as **Attachment 9**;
 - 2) Avangrid, Inc. Guaranty guaranteeing to CMP and the Third Party Beneficiaries NECEC LLC’s payments to the NECEC Heat Pump Fund pursuant to Section V.B, paragraph 7 of the NECEC I Stipulation attached hereto as **Attachment 10**;
 - 3) Avangrid, Inc. Guaranty guaranteeing to CMP and the Third Party Beneficiaries NECEC LLC’s payments to the Dirigo EV Fund pursuant to Section V.B, paragraph 8(a) of the NECEC I Stipulation attached hereto as **Attachment 11**;

- 4) Avangrid, Inc. Guaranty guaranteeing to CMP and the Third Party Beneficiaries NECEC LLC's payments to the Franklin County Host Community Benefits Fund pursuant to Section V.B, paragraph 9 of the NECEC I Stipulation attached hereto as **Attachment 12**;
 - 5) Avangrid, Inc. Guaranty guaranteeing to CMP and the Third Party Beneficiaries NECEC LLC's payments to the Education Grant Fund pursuant to Section V.B, paragraph 10 of the NECEC I Stipulation attached hereto as **Attachment 13**;
 - 6) Avangrid, Inc. Guaranty guaranteeing to CMP and the Third Party Beneficiaries NECEC LLC's payment obligations under its assumption of obligations of HQUS under the Support Agreement in the event of a NECEC LLC breach of the TSAs with HQUS or failure to comply with the NECEC I Stipulation pursuant to Section 1(a)(iv), 3rd & 4th Par. of the Support Agreement attached hereto as **Attachment 14**;
 - 7) Avangrid, Inc. Guaranty of NECEC LLC's obligations under the EPC Agreement (submitted in this proceeding as Petition Exhibit 4 and attached hereto as **Attachment 15**); and
 - 8) Avangrid, Inc. Guaranties of NECEC LLC's obligations under the TSAs (referenced in the Petition at page 20 and attached hereto as **Attachment 16**).
- h. Support Agreement between NECEC LLC, CMP and HQUS and inuring to the benefit of the Third Party Beneficiaries (originally submitted as Petition Exhibit 13; revised version attached hereto as **Attachment 17**);
- i. Assignment of the following third party vendor agreements from Avangrid Service Company to NECEC LLC:
- 1) Master Materials Procurement Agreement dated January 20, 2020 between Avangrid Service Company and ZTT International Ltd. and related contractual arrangements;
 - 2) Master Materials Procurement Agreement dated April 3, 2020 between Avangrid Service Company and New Nello Operating Co., LLC and related contractual arrangements;
 - 3) Master Materials Procurement Agreement dated April 3, 2020 between Avangrid Service Company and TransAmerican Power Products, Inc. and related contractual arrangements;

- 4) Contractual arrangements for the Kennebec River Crossing Termination Station Design with Real Utility Engineers;
- j. Transfer of 12,594 timber mats from Avangrid Service Company to NECEC LLC; and
- k. Agreements between NECEC LLC and Avangrid Networks and agreements between NECEC LLC and Avangrid Service Company to facilitate the development, construction, operation and maintenance of the NECEC project submitted to the Commission pursuant to the Expedited Review Process set forth below in Section V.H;

(collectively referred to as the “Additional NECEC LLC Intercompany Agreements”).

2. The Additional NECEC LLC Intercompany Agreements (i) will result in no net harm as the agreements are not adverse to the public interest; (ii) are not inconsistent with the interests of NECEC LLC or its customers; (iii) are consistent with the purposes enumerated in 35-A M.R.S. § 901 including but not limited to the acquisition of property and construction of facilities; and (iv) are approved pursuant to 35-A M.R.S. §§ 707 and, as applicable, 901, and 902.

E. Approval of NECEC LLC Financing Arrangements and Debt and Evidence of Indebtedness

1. NECEC LLC’s additional financing arrangements with Avangrid, Inc. or third parties or issuance of debt, including debt secured by the NECEC (“NECEC LLC Additional Financing Arrangements”), in order to finance the costs of developing and constructing the NECEC Project (i) will result in no net harm as the agreements are not adverse to the public interest; (ii) are not inconsistent with the interests of NECEC LLC or its customers; (iii) are consistent with the purposes enumerated in 35-A M.R.S. § 901 including but not limited to the acquisition of property and construction of facilities; and (iv) are approved pursuant to 35-A M.R.S. §§ 707, 901, and 902.

F. Approval of Satisfaction of NECEC I Order Compliance Filing Obligations

1. The following compliance filings are consistent with and satisfy the

Commission's requirements in the NECEC I Order:

- a. The accounting entries described in Section VI of the Petition, as updated in **Attachment 18**, comply with the requirement in Section V.B.1.d.iii at 17 of the NECEC I Stipulation that CMP and NECEC LLC should make such accounting entries as are necessary to remove NECEC project related development expenses from CMP's books and accounts, provided that the references to FERC account 130 - Cash in the Petition is modified such that those accounting entries refer to FERC account 131 - Cash.
- b. The Support Agreement referenced above in Section V.D.1.h of this NECEC II Stipulation complies with the terms of Section V.B.14 of the NECEC I Stipulation and the NECEC I Order.²³

2. Any costs, expenses, liabilities, or damages arising from or incurred at any time by CMP as a result of any action, failure to act, or agreements entered into by CMP prior to the date upon which the NECEC Project is transferred from CMP to NECEC LLC that are related to the design, development, financing, permitting, or construction of the NECEC project shall not be recovered from CMP's ratepayers. This provision shall not be considered to limit in any way the Commission's authority to preclude recovery of any costs related to the NECEC project that are not within the scope of this provision.

3. CMP and NECEC LLC are subject to the following terms and conditions regarding additional compliance filings:

- a. Within fifteen (15) business days after the closing on the Transfer Agreement, CMP and NECEC LLC shall file the executed version of the Transfer Agreement and all supporting exhibits with the Commission on an informational basis.
- b. Within fifteen (15) business days after the closing on the Transfer Agreement, CMP and NECEC LLC shall file the final accounting entries

²³ NECEC I Order at 79.

demonstrating the removal of NECEC project related development expenses from CMP's books and accounts.

- c. Within fifteen (15) business days after the closing on the Transfer Agreement, CMP and NECEC LLC shall file all assignment agreements assigning any remaining NECEC project related agreements from CMP to NECEC LLC with the Commission on an informational basis.
- d. On or before December 15, 2020, and each subsequent July 1st up and until the commencement of NECEC project commercial operations, NECEC LLC shall file all executed NECEC project related affiliate agreements with the Commission on an informational basis that were not previously filed with the Commission.
- e. After the closing on the Transfer Agreement, all reporting obligations set forth in the ordering paragraphs of the NECEC I Order and the NECEC I Stipulation shall be fulfilled by NECEC LLC.

G. CMP and NECEC LLC Commitments

CMP and NECEC LLC will comply with the following commitments:

- 1. CMP and NECEC LLC Assignment Commitments:
 - a. For those ongoing agreements or contractual arrangements that will be assigned by CMP to NECEC LLC and contain no ongoing obligations of CMP, but do not contain an assignment provision or where the assignment provision does not contain a novation expressly releasing CMP's obligations under the agreement or contractual arrangement upon the assignment to NECEC LLC, CMP and NECEC LLC will use commercially reasonable efforts to negotiate, from the date of issuance of a Commission order approving the NECEC II Stipulation until the closing on the Transfer Agreement, a separate agreement with the contractual counterparty that contains an express release of CMP from any ongoing obligations or liability arising under the agreement or contractual arrangement upon the assignment to NECEC LLC.
 - b. For those agreements or contractual arrangements that do not yet exist, but will be executed by CMP prior to the transfer of the NECEC project to NECEC LLC, and that will be assigned to NECEC LLC and will not contain any ongoing obligations of CMP, CMP and NECEC LLC will use commercially reasonable efforts to negotiate an assignment provision in the agreement or contractual arrangement containing a novation right that expressly allows NECEC LLC to replace CMP as a party under such agreements and releases CMP from any ongoing

obligations or liability arising under the agreement upon the assignment of the agreement to NECEC LLC.

- c. If CMP and NECEC LLC are not able to successfully negotiate an assignment provision or a form of assignment containing such a novation right on or before the closing on the Transfer Agreement, then in the applicable assignment agreement, NECEC LLC will agree to indemnify and hold CMP harmless from and against all losses, damages, claims or other liability incurred by CMP that arise out of a failure by NECEC LLC to perform or fulfill any term of the assigned agreement or contractual arrangement.
- d. Any ongoing obligations of CMP under the NECEC I Stipulation shall not be released or waived by any release of CMP as part of CMP's assignment of the NECEC Project to NECEC LLC and associated transactions identified in the Transfer Agreement that are contemplated in this proceeding.

2. CMP and NECEC LLC Enforcement Commitments: CMP and NECEC LLC will vigorously protect and enforce their rights under the Support Agreement and the accompanying HQ Guaranty approved in the NECEC II Stipulation, and the Avangrid, Inc. guaranties approved in the NECEC II Stipulation related to the NECEC I Stipulation, the Transfer Agreement and the Support Agreement (the "Avangrid Guaranties"), and that they will each promptly comply with any Order of the Commission directing either or both to comply with or enforce either Stipulation and will not seek to avoid compliance with said Order. This provision shall not prohibit CMP and NECEC LLC from exercising their rights to appeal any Order consistent with Maine law, Commission rules and Commission precedent and, if an appeal is filed, CMP and NECEC LLC agree to use commercially reasonable efforts to pursue the prompt resolution of such appeal.

3. CMP and NECEC LLC Commitment Regarding Review of Books and Records: CMP and NECEC LLC will, at their sole cost and expense, engage an independent certified public accountant to examine their books and records, which are deemed necessary by the

accountant to be reviewed, to determine and certify whether and to what extent customers of CMP have or might bear any costs associated with the NECEC Project or any costs associated with its compliance with the NECEC I Stipulation or the NECEC II Stipulation.

This review shall be conducted on the calendar year 2020 books and records and the books and records of the year in which the NECEC project achieves commercial operation.

Thereafter, this review shall be conducted at the direction of the Commission upon a Commission finding that such an examination is necessary. CMP shall file a copy of each such accountant's report in Docket Nos. 2017-00232 and 2019-00179.

4. NECEC LLC Commitments Regarding Avangrid Guaranties: NECEC LLC will put in place and maintain a guaranty by Avangrid, Inc. or its successor with respect to:
 - a. NECEC LLC's payment obligations under the NECEC I Stipulation, including NECEC LLC's payment of \$60,000,000 to CMP related to the transfer by CMP to NECEC LLC of the NECEC Project as specified in Section V.B.1.b of the NECEC I Stipulation, \$5,000,000 for the NECEC Heat Pump Fund as specified in Section V.B.7 of the NECEC I Stipulation, \$5,000,000 for the Dirigo EV Fund as specified in Section V.B.8.a of the NECEC I Stipulation, \$5,000,000 for the Franklin County Host Communities Fund as specified in Section V.B.9 of the NECEC I Stipulation, and \$6,000,000 for the Education Grant Fund for the purposes specified in Section V.B.10 of the NECEC I Stipulation; and
 - b. NECEC LLC's payment obligations under its assumption of the obligations of HQUS to make the HQUS NECEC Payments as set forth in Section 1(a)(iv) of the Support Agreement in the event that NECEC LLC breaches its obligations under the HQUS TSAs, such that HQUS is unable due to such breach to receive transmission service over the NECEC Transmission Line as contemplated by the HQUS TSAs, or in the event that NECEC LLC fails to comply with the NECEC I Stipulation and the CPCN (as defined in the Support Agreement) in a material respect (and subject to any applicable notice and cure period) which failure precludes the operation of the NECEC Transmission Line (as defined in the Support Agreement).
 - c. The Avangrid Guaranties to be issued by Avangrid, Inc. in accordance with Sections V.4.a and b above are attached to this NECEC II Stipulation as Attachments 9 through 14.

- d. If any payments to the NECEC Rate Relief Fund referenced above are not paid by NECEC LLC for any reason, or by Avangrid pursuant to the applicable Avangrid Guaranty for any reason, CMP agrees that its rates will be set as if the payments had been made.

5. NECEC LLC Commitment to be Bound by the NECEC I Stipulation: Upon transfer of the NECEC Project to NECEC LLC, NECEC LLC will be bound by the commitments and obligations placed on NECEC LLC as if it were a party to the NECEC I Stipulation, notwithstanding that NECEC LLC was not a signatory to the NECEC I Stipulation, and the NECEC I Stipulation is enforceable, including against NECEC LLC, in accordance with its terms and existing Maine law. Any party to the NECEC I Stipulation may bring an action to enforce the NECEC I Stipulation, provided that such party provides at least fifteen (15) days' prior written notice to the other parties to the NECEC I Stipulation and the Commission of its intent to bring such action and the basis for such action.

6. NECEC LLC Commitment in the Event of Termination of the NECEC TSAs: In the event that any of the NECEC TSAs are terminated before the COD, NECEC LLC shall cease construction of the NECEC Project unless it commits in a filing to the Commission to assume the obligation to provide all benefits as provided for in the NECEC I and II Stipulations directly and/or on behalf of HQUS. The obligations assumed by NECEC LLC may be assigned to an entity which enters into a transmission services agreement with NECEC LLC for services over the NECEC, subject to the approval of the GEO, Public Advocate and IECG, which consent shall not be unreasonably denied, withheld, delayed or conditioned, at which time NECEC LLC shall be fully and finally relieved of its assumption obligation under this section. Should NECEC LLC cease construction of the NECEC due to the termination of the NECEC TSAs and thereafter enter one or more transmission service agreements for transmission capacity on the NECEC, NECEC LLC will file a request for

Commission approval to recommence construction unless the Support Agreement has been reinstated under Section 4(b) thereof.

7. CMP Commitment Regarding Classification of Unused Property as Non-Operating Property: CMP will extend the commitment made in Section V.B.3 of the NECEC I Stipulation to apply to any property parcels acquired for the NECEC Project that are not ultimately used for the NECEC project, including but not necessarily limited to environmental compensation lands and construction access lands.

8. CMP Commitment Regarding NECEC Project Incentive Compensation: CMP's revenue requirement for transmission rates and revenue requirement for distribution rates will exclude any portion of incentive compensation related to milestones associated with the NECEC Project.

9. CMP Commitment Regarding Accounting Treatment of NECEC-Related Development Costs: CMP has moved the NECEC-related development costs from FERC Account 183 – Preliminary Engineering to FERC Account 107 – Construction Work in Progress. All NECEC-related development costs going forward will be recorded to FERC Account 107 – Construction Work in Progress on CMP's books until the date that the NECEC is transferred to NECEC LLC at the closing on the Transfer Agreement. Upon the transfer of the NECEC Project from CMP to NECEC LLC, the NECEC-related costs in CMP's FERC Account 107 will be transferred to NECEC LLC's FERC Account 107 – Construction Work In Progress. Additionally, all NECEC Project related development expenses will be removed from CMP's books and accounts upon transfer of the NECEC Project from CMP to NECEC LLC.

H. Implementation of Expedited Review Process and Waiver of 35-A M.R.S. §§ 707 and 902 Pre-Filing Requirements

1. CMP and NECEC LLC's agreement to the terms of this NECEC II Stipulation is conditioned upon the implementation of following Expedited Review Process for CMP and NECEC LLC requests for Commission approval of affiliated interest agreements and arrangements subject to 35-A M.R.S. § 707 and issuances of evidence of indebtedness subject to 35-A M.R.S. § 902 related to the development and construction of the NECEC project:

- a. CMP or NECEC LLC shall file affiliated interest agreements and arrangements subject to 35-A M.R.S. § 707 and issuances of evidence of indebtedness subject to 35-A M.R.S. § 902 with the Commission for approval and notify the parties to Docket No. 2019-00179 of the filing. The filing shall include an accompanying cover letter that identifies the T&D utility and the affiliate entities that are involved in the agreement, arrangement, or issuance if applicable. The cover letter shall include a representation that there is no cost to Maine electricity customers as a result of the agreement, arrangement, or issuance and explain the basis for this representation.
- b. Any party to this Docket No. 2019-00179 who seeks to comment on the filing shall do so within fifteen (15) days of the date of the initial filing.
- c. If, within thirty (30) days of the date of the filing, the Commission or Commission Staff do not issue a procedural order indicating an intent to extend the time period for the Expedited Review Process to further investigate the filing:
 - 1) The agreement(s) and arrangements(s) subject to 35-A M.R.S. § 707 are found by the Commission to be not adverse to the public interest and are deemed approved pursuant to 35-A M.R.S. § 707. However, such approval shall not constitute any prudency finding or determination of cost recovery in CMP's or NECEC LLC's rates.
 - 2) The agreement(s), arrangements(s) and issuance(s) subject to 35-A M.R.S. § 902 are found by the Commission to be in the amount of the issue requested,

and required in good faith for the purposes enumerated in 35-A M.R.S. § 901 and are deemed approved pursuant to 35-A M.R.S. § 902.

- d. Commission review of any agreements, arrangements filed for Commission approval pursuant to 35-A M.R.S. § 707 or 35-A M.R.S. § 902 under this Expedited Review Process shall be delegated to the Maine Public Utilities Commission Director of the Electricity and Natural Gas Division, provided that the Director the Electricity and Natural Gas Division may elect to refer such agreements or arrangements to the Commission for approval in the Director's sole discretion.

2. Provided CMP and NECEC LLC comply with the Expedited Review Process, the requirement for the Commission to make the written findings under 35-A M.R.S. § 707(3) prior to CMP or NECEC LLC's entry into an affiliated interest agreement or arrangement as set forth in Section 707 is waived.

3. Provided CMP and NECEC LLC comply with the Expedited Review Process, the requirement for the Commission to make the written findings under 35-A M.R.S. § 902 prior to NECEC LLC's issuance of evidence of indebtedness is waived.

4. The 35-A M.R.S. § 707 and 35-A M.R.S. § 902 waivers and Expedited Review Process set forth in this Section are for the purposes of the development and construction of the NECEC project and shall expire upon the commercial operation date of the NECEC Project, provided that such expiration shall not affect the approval of the agreement(s), arrangement(s) and issuance(s) submitted for approval through the Expedited Review Process by that date.

I. Holder of Funds Paid by NECEC LLC and HQUS Pursuant to NECEC I Stipulation

1. With respect to any fund established pursuant to the NECEC I Stipulation, the funds will be held by a financial institution approved by the Commission ("Escrow Agent")

under a customary escrow agreement (which may provide for one or more separate funds to be held and disbursed according to the directions applicable to each such fund).

2. With the exception of the NECEC LLC Rate Relief Fund payments to CMP made pursuant to Section V.K.3, the payments to be made to a fund established pursuant to the NECEC I Stipulation shall be placed into accounts to be established by the Escrow Agent. Funds in the accounts shall be disbursed by the Escrow Agent as provided in the NECEC I Stipulation. The Escrow Agent shall hold the funds in interest bearing accounts, which interest shall accrue to the benefit of the beneficiary of each such fund, and shall provide to the Commission an accounting, not less frequently than annually, but as otherwise reasonably requested by the Commission or the applicable beneficiary of such fund, of the funds held in the account and their disbursement. The Escrow Agreement shall identify the entity or entities having the authority to supervise the fund and direct disbursements therefrom in accordance with the provisions of the NECEC I Stipulation and describe the procedures for carrying out these responsibilities, provided that any entity other than CMP shall be approved by the Commission. CMP and any other party having authority to require or direct disbursements shall provide written notice of such party's intention to direct the Escrow Agent to release any such funds under the terms of the NECEC I Stipulation, at least five (5) business days in advance of such disbursement of funds. Such notice shall be provided to the Commission, the OPA, the State of Maine acting through the GEO and the IECG, and any parties-in-interest identified with respect to the particular fund in the NECEC I Stipulation and the notice shall include the amount of the funds to be disbursed from the particular fund and the intended recipient(s) of such

disbursement. Any escrow costs or other associated fees incurred as a result of this provision shall be deducted from the applicable NECEC I Stipulation fund(s).

J. Acceleration of HQUS's Performance of Certain Payment Obligations Pursuant to the Support Agreement

1. As set forth in the Support Agreement, HQUS has agreed to accelerate the performance of its payment obligations referred to in the Support Agreement and that payments pursuant to the Support Agreement shall be made on a quarterly basis commencing on the first Payment Date following Permit Issuance rather than upon the commercial operation date of the NECEC Transmission Line (as defined in the HQUS TSAs) ("COD"). For purposes of this NECEC II Stipulation, "Payment Date" means the first business day of each January, April and July and October following Permit Issuance (each "Payment Date," provided that the first Payment Date shall not occur prior to October 1, 2020) and "Permit Issuance" means the issuance of the State of Maine and U.S. Army Corps of Engineers ("ACOE") permits required for the construction and operation of the NECEC Transmission Line.²⁴

2. As set forth in the Support Agreement, (a) HQUS has agreed to make equal payment installments of \$875,000 on each of the first one hundred sixty (160) Payment Dates (each an "HQUS NECEC Payment"), for a total of \$140,000,000, paid in satisfaction of Section V.B.14(a)(vii) of the NECEC I Stipulation, provided that such payments will be deemed to have been in fulfillment and satisfaction of HQUS's obligations as contemplated

²⁴ These permits are a CPCN from the Maine Public Utilities Commission, a Land Use Certification from the Maine Land Use Planning Commission, a Site Location of Development Act permit from the Maine Department of Environmental Protection, a Natural Resources Protection Act permit from the Maine Department of Environmental Protection, and a Section 404 dredge and fill permit from the US Army Corps of Engineers.

by Section V.B.14(a)(vii) of the NECEC I Stipulation; (b) HQUS has agreed to make such HQUS NECEC Payments directly to the three escrow accounts set forth in subsection (c) below in accordance with detailed payment instructions regarding the escrow accounts to be provided to HQUS in writing by NECEC LLC prior to the first Payment Date (which obligation of HQUS has been guaranteed by Hydro-Quebec pursuant to the guaranty given by Hydro-Quebec with respect to HQUS's obligations under the Support Agreement (the "HQ Guaranty")); and (c) (i) \$312,500 of each such HQUS NECEC Payment by HQUS (or by Hydro-Quebec pursuant to the HQ Guaranty) shall be deposited into NECEC Low Income Escrow to be paid to the NECEC Low Income Fund established pursuant to Section V.B.4 of the NECEC I Stipulation; (ii) \$500,000 of each such HQUS NECEC Payment by HQUS (or by Hydro-Quebec pursuant to the HQ Guaranty) shall be deposited into the NECEC Rate Relief Escrow to be paid to the NECEC Rate Relief Fund established pursuant to Section V.B.5 of the NECEC I Stipulation; and (iii) \$62,500 of each such HQUS NECEC Payment by HQUS (or by Hydro-Quebec pursuant to the HQ Guaranty) shall be deposited into a NECEC LLC Escrow to be paid to NECEC LLC for NECEC LLC to satisfy its obligations under the NECEC I Stipulation. The forgoing is intended to implement and ensure that the combined payments of HQUS, NECEC LLC, and CMP into the NECEC Rate Relief Fund and the NECEC Low Income Fund over forty years total \$190 million as required by the NECEC I Stipulation.

3. The Commission finds that (i) HQUS's payments into the NECEC Broadband Escrow on the Payment Dates as set forth in Section 1.a.i of the Support Agreement, will be deemed to have been in fulfillment and satisfaction of HQUS's obligations set forth in Sections V.B.6(c) and V.B.14(a)(iii) of the NECEC I Stipulation; (ii) HQUS's payments into the

NECEC Heat Pump Escrow on the Payment Dates as set forth in Section 1.a.ii of the Support Agreement will be deemed to have been in fulfillment and satisfaction of HQUS's obligations set forth in Sections V.B.7(a) and V.B.14(a)(iv) of the NECEC I Stipulation; (iii) HQUS's payments into the NECEC Hydro-Québec EV Escrow on the Payment Dates as set forth in Section 1.a.iii of the Support Agreement will be deemed to have been in fulfillment and satisfaction of HQUS's obligations set forth in V.B.8(b) and V.B.14(a)(vi) of the NECEC I Stipulation; (iv) HQUS's payments into the NECEC Low Income Escrow on the Payment Dates as set forth in Section 1.a.iv(a) of the Support Agreement will be deemed to have been in fulfillment and satisfaction of NECEC LLC's obligations set forth in Section V.B.4 of the NECEC I Stipulation and NECEC LLC irrevocably and unconditionally releases all rights and any claims to such payments; (v) HQUS's payments into the NECEC Rate Relief Escrow on the Payment Dates as set forth in Section 1.a.iv(b) of the Support Agreement will be deemed to have been in fulfillment and satisfaction of NECEC's obligations set forth in Sections V.B.5 of the NECEC I Stipulation and NECEC LLC irrevocably and unconditionally releases all rights and any claims to such payments; and (vi) HQUS's payments into the NECEC LLC Escrow on the Payment Dates as set forth in Section 1.a.iv(c) of the Support Agreement will be paid to NECEC LLC for NECEC LLC to satisfy its obligations under the NECEC I Stipulation.

4. As set forth in the Support Agreement, prior to COD, all of the HQUS accelerated payment obligations set forth in Section V.J.1 through V.J.2 above, to promptly contribute the HQUS payments, may be suspended by HQUS upon notice by HQUS to the other Parties to the Support Agreement and the GEO, Public Advocate and IECG, if any of the following conditions occur, and for as long as such condition continues to exist:

- a. Construction of a material part of the NECEC Transmission Line is suspended indefinitely or for an announced period of greater than thirty (30) days.
- b. A legislative measure, including a citizens' initiative, has been adopted in the State of Maine challenging the validity of any Maine permit or seeking to hinder or block the construction of the NECEC Project and such legislative measure remains in effect as of the Payment Date(s).

5. As set forth in the Support Agreement, all of the HQUS accelerated payment obligations set forth in Section V.J.1 through V.J.2 above, shall terminate if the NECEC Project is terminated prior to the COD of the NECEC Project. Any monies that remain in the escrow accounts at the time of such termination shall be returned to NECEC LLC within five (5) business days of such termination.

6. As set forth in the Support Agreement, to secure HQUS's payment obligations under the Support Agreement, Hydro-Québec has agreed to provide a guaranty and a \$30 million letter of credit with respect to certain HQUS Support Agreement payments and HQUS has agreed to grant to the GEO, Public Advocate, IECG, NECEC LLC and CMP, a first priority security interest in HQUS's rights to receive payments under a future Power Purchase Agreement to be entered into before December 31, 2021 for delivery of energy using the NECEC Transmission Line.

K. Acceleration of NECEC LLC's Performance of Certain Payment Obligations Pursuant to the NECEC I Stipulation

Subject to the suspension and termination provisions set forth below in Sections V.K.5 and V.K.6 below, NECEC LLC will make the following payments pursuant to the NECEC I Stipulation on each quarterly Payment Date (as defined above in Section V.J) commencing on the first Payment Date following Permit Issuance (as defined above in Section V.J):

1. Franklin County Host Communities Fund Payments:

NECEC LLC shall make forty (40) equal installment payments of \$125,000 each, for a total of \$5,000,000, payable on the first Payment Date following Permit Issuance and each quarterly Payment Date thereafter, into the NECEC Franklin County Host Communities Escrow to be paid into the NECEC Franklin County Host Communities Fund to be established pursuant to Section V.B.9 of the NECEC I Stipulation. Such payments shall be made in accordance with detailed payment instructions regarding the Escrow Agent to be provided by NECEC LLC in writing prior to the first Payment Date. NECEC LLC's payments into the NECEC Franklin County Host Communities Escrow on the Payment Dates as set forth in this Section V.K.1 will be in fulfillment and satisfaction of NECEC LLC's obligations set forth in Section V.B.9 of the NECEC I Stipulation with respect to payments by NECEC LLC into the NECEC Franklin County Host Communities Fund.

2. Education Grant Fund Payments:

NECEC LLC shall make forty (40) equal installment payments of \$125,000 each, for a total of \$5,000,000, payable on the first Payment Date following Permit Issuance and each quarterly Payment Date thereafter, into the NECEC Education Grant Escrow to be paid into the NECEC Education Grant Fund to be established pursuant to Section V.B.10 of the NECEC I Stipulation. Such payments shall be made in accordance with detailed payment instructions regarding the Escrow Agent to be provided by NECEC LLC in writing prior to the first Payment Date. NECEC LLC's payments into the NECEC Education Grant Escrow on the Payment Dates as set forth in this Section V.K.2 will be in fulfillment and satisfaction of NECEC LLC's obligations set forth in Section V.B.10 of the NECEC I Stipulation with respect to payments by NECEC LLC into the NECEC Education Grant Fund.

3. NECEC Rate Relief Fund Payments:

Commencing on the first Payment Date following the closing on the Transfer Agreement, NECEC LLC shall make one hundred and sixty (160) equal installment payments of \$375,000 each, for a total of \$60,000,000, to CMP in accordance with Section V.B.1.b of the NECEC I Stipulation and the Transfer Agreement and CMP shall in turn promptly contribute these payments into the NECEC Rate Relief Fund to be established pursuant to Section V.B.5 of the NECEC I Stipulation. NECEC LLC's payments to CMP on the Payment Dates as set forth in this Section V.K.3 will be in fulfillment and satisfaction of NECEC LLC's obligation to pay the consideration under the Transfer Agreement and CMP's obligation to disburse such funds as part of the NECEC Rate Relief Fund as set forth in Section V.B.5 of the NECEC I Stipulation with respect to payments into the NECEC Rate Relief Fund.

4. NECEC Heat Pump Payments:

Commencing on the first Payment Date following the last quarterly Heat Pump payment made by HQUS pursuant to Section 1(a)(ii) of the Support Agreement, NECEC LLC shall make twelve (12) equal installment payments of \$416,666.67 each, for a total of \$5,000,000, into the NECEC Heat Pump Escrow to be paid into the NECEC Heat Pump Fund to be established pursuant to Section V.B.7 of the NECEC I Stipulation. Such payments shall be made in accordance with detailed payment instructions regarding the Escrow Agent to be provided by NECEC LLC in writing prior to NECEC LLC's first Payment Date. NECEC LLC's payments into the NECEC Heat Pump Escrow on the Payment Dates as set forth in this Section V.K.4 above, will be in fulfillment and satisfaction of NECEC LLC's obligations

set forth in Section V.B.7(b) and (c) of the NECEC I Stipulation with respect to payments by NECEC LLC into the NECEC Heat Pump Fund.

5. Prior to COD, all of the NECEC LLC and CMP accelerated payment obligations set forth in Section V.K.1 through V.K.4 above, and CMP's corresponding obligation under Section V.K.3 to promptly contribute the NECEC LLC payments to the NECEC Rate Relief Fund, may be suspended by NECEC LLC upon notice by NECEC LLC to the other Parties to the Support Agreement and the GEO, Public Advocate and IECG, if any of the following conditions occur, and for as long as such condition continues to exist:

- a. Construction of a material part of the NECEC Transmission Line is suspended indefinitely or for an announced period of greater than thirty (30) days.
- b. A legislative measure, including a citizens' initiative, has been adopted in the State of Maine challenging the validity of any Maine permit or seeking to hinder or block the construction of the NECEC Project and such legislative measure remains in effect as of the Payment Date(s).

6. All of the NECEC LLC accelerated payment obligations set forth in Section V.K.1 through V.K.4 above, and CMP's corresponding obligation under Section V.K.3 to promptly contribute the NECEC LLC payments to the NECEC Rate Relief Fund, shall terminate if the NECEC Project is terminated prior to the COD of the NECEC Project. Any monies that remain in the escrow accounts for the NECEC Franklin County Host Communities Fund and the NECEC Education Grant Fund at the time of such termination shall be returned to NECEC LLC within five (5) business days of such termination.

L. NECEC I Stipulation Payment Acceleration Provisions

1. The HQUS and NECEC LLC and HQUS payment acceleration provisions contained in Sections V.J and V.K of this NECEC II Stipulation do not constitute an amendment of the NECEC I Stipulation as these provisions are designed merely to accelerate

the receipt of the benefit payments set forth herein for the earlier benefit of Maine customers, and all of the payment obligations under the NECEC I Stipulation will be made in the amounts contemplated in the NECEC I Stipulation by the deadlines contemplated therein.

M. Security Interest in NECEC LLC Payment Rights to Certain HQUS Payments Under the Support Agreement

1. The obligation for NECEC LLC to grant a first priority security interest to CMP in NECEC LLC's payment rights under the HQUS Support Agreement or related Hydro-Québec guaranty or other credit support ("Security Interest") referenced in Section V.B.1.d.iv of the NECEC I Stipulation is no longer applicable because HQUS will make the HQUS Payments (as defined in the Support Agreement) for the Rate Relief Fund and the Low Income Fund directly to the Rate Relief Escrow and the Low Income Escrow, respectively, and not to NECEC LLC, and NECEC has irrevocably and unconditionally released all rights and any claims to such payments under the terms of this NECEC II Stipulation. Accordingly, HQUS's commitment-to make the HQUS Payments directly to the referred escrow accounts and NECEC LLC's release of its right and claim to such HQUS Payments are deemed to fulfill and satisfy NECEC LLC's obligation set forth Section V.B.1.d.iv of the NECEC I Stipulation to grant such Security Interest to CMP.

VI. ADDITIONAL STIPULATION TERMS

1. The execution of this Stipulation by any Stipulating Party shall not constitute precedent as to any matter of law or fact and, except as expressly provided herein, shall not foreclose any of the Stipulating Parties from making any contention or exercising any right, including rights of appeal, in any other Commission proceeding or investigation, or any other trial or action.

2. The Stipulating Parties intend that this Stipulation be considered by the Commission for adoption as an integrated solution to the issues addressed herein which arose in the above-captioned proceeding and as otherwise presented in this Stipulation. The Stipulating Parties also intend that this Stipulation shall be null and void, and not bind the Stipulating Parties in the above-captioned proceeding, in the event the Commission does not adopt this Stipulation without material modification.

3. If not accepted by the Commission in accordance with the provisions hereof, this Stipulation shall not prejudice the positions taken by any Stipulating Party on these issues before the Commission in this proceeding and shall not be admissible evidence therein or in any other proceeding before the Commission.

4. All rights, commitments and obligations under this Stipulation shall be binding upon and inure to the benefit of the lawful successors or assigns of the applicable responsible entities identified herein. In the event that a responsible entity ceases to operate or legally exist without a successor or assign, the Stipulating Parties, in consultation with Commission Staff, will confer to identify an appropriate successor or assign in order that the purposes of this Stipulation may be achieved and, as necessary and appropriate, seek Commission approval of such successor or assign.

5. The Stipulating Parties hereby waive any rights that they have under 5 M.R.S. § 9062(4) and Chapter 110, Section 8(F)(4) of the Commission Rules of Practice and Procedure to the extent necessary to permit Commission Staff to discuss this Stipulation and the resolution of the issues addressed in this Stipulation with the Commissioners, either before or at the Commission's scheduled deliberations, without providing to the Stipulating Parties an Examiners' Report or the opportunity to file Exceptions.

6. All Attachments referred to in this Stipulation are incorporated herein by reference and are intended to be considered as part of this Stipulation as if their terms were fully set forth in the body of this Stipulation.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Stipulating Parties have caused this Stipulation to be executed by their respective attorneys or representatives, or have caused their lack of objection to be noted by the signature of their respective attorneys or representatives.

CENTRAL MAINE POWER COMPANY

By: Douglas A. Harding

By: _____

NECEC TRANSMISSION LLC

By: _____

By: _____

IN WITNESS WHEREOF, the Stipulating Parties have caused this Stipulation to be executed by their respective attorneys or representatives, or have caused their lack of objection to be noted by the signature of their respective attorneys or representatives.

CENTRAL MAINE POWER COMPANY


By: _____

By: _____

NECEC TRANSMISSION LLC

By: *Alan C. Quinn*

MAINE OFFICE OF THE PUBLIC ADVOCATE

By: 

Barry J. Hobbins
Public Advocate

GOVERNOR'S ENERGY OFFICE

By: _____

INDUSTRIAL ENERGY CONSUMER GROUP

By: _____

MAINE OFFICE OF THE PUBLIC ADVOCATE

By: _____

GOVERNOR'S ENERGY OFFICE

By:  _____

Dan Burgess

Director, Governor's Energy Office

INDUSTRIAL ENERGY CONSUMER GROUP

By: _____

MAINE OFFICE OF THE PUBLIC ADVOCATE

By: _____

GOVERNOR'S ENERGY OFFICE

By: _____

INDUSTRIAL ENERGY CONSUMER GROUP

By: Anthony W. Buxton

Anthony W. Buxton, Esq.
Preti Flaherty Beliveau & Pachios, LLP
Chair, Energy & Telecommunications Practice
Group
Co-Chair, Climate Strategies Group

Gerry Mirabile

**Testimony
NECEC LLC-2**

STATE OF MAINE
DEPARTMENT OF ENVIRONMENTAL PROTECTION

IN THE MATTER OF

NEW ENGLAND CLEAN ENERGY CONNECT)	
#L-27625-26-A-N/#L-27625-TG-B-N/)	LICENSE SUSPENSION
#L-27625-2C-C-N/#L-27625-VP-D-N/)	PROCEEDING
#L-27625-IW-E-N)	

PRE-FILED DIRECT TESTIMONY AND EXHIBIT OF
GERRY J. MIRABILE

Regarding

- Time frame and practical requirements of any measures that would be necessary to protect the environment if the permit were to be suspended.

October 4, 2021

I. Qualifications of Witness

My name is Gerry J. Mirabile. I am employed by Central Maine Power Company (CMP) as Director – NECEC Permitting & Compliance. CMP provides services to NECEC Transmission LLC (NECEC LLC) in connection with the New England Clean Energy Connect Project (NECEC or the Project) pursuant to an intercompany service agreement. I am responsible for the identification and procurement of all necessary federal, state, and municipal environmental and land use permits, licenses, and approvals for the NECEC Project, including review and editing of all draft permit applications and supplemental filings to assure their accuracy, completeness, and consistency with best practices. I am also responsible for assuring full compliance with all environmental and land use approvals and associated conditions, relevant environmental statutes and regulations, and best practices during construction of the

NECEC. I have worked closely with federal and state natural resource agencies and permitting agencies on NECEC scoping, permitting, and outreach since late 2016.

I have been employed at CMP since 1989. Since approximately 2000 I have been solely responsible for managing permitting of CMP capital projects (such as transmission lines, substations, service centers, and submerged cables). I have also managed numerous environmental compliance programs at CMP including Clean Air Act compliance, Safe Drinking Water Act compliance, oil and chemical release reporting, federal Spill Prevention, Control and Countermeasure compliance, greenhouse gas emissions reporting, environmental best practices and procedures development, and training.

Prior to my employment at CMP I worked for four years at the Maine Department of Environmental Protection (DEP), administering land use and wastewater discharge statutes and regulations, evaluating the environmental impacts of permit proposals, drafting DEP orders, and educating applicants and the public on Maine environmental standards and best practices.

I earned a Bachelor of Science in Ecology degree from Johnson State College in Vermont in 1984 and was awarded the Departmental Award for Excellence in Ecology. I earned a Master of Science in Business degree from Husson College in 2000, and a Master of Business Administration degree from Husson University in 2013.

My curriculum vitae is attached hereto as Exhibit NECEC LLC-2-A.

II. Purpose and Scope of Testimony

The purpose of my testimony is to discuss the time frame and practical requirements of any measures that would be necessary to protect the environment if the DEP's May 11, 2020 permit were to be suspended.

III. Discussion

As explained in the pre-filed Direct Testimony of Thorn Dickinson, if the DEP suspends the NECEC LLC's DEP permit, the viability of the Project – which the DEP has already concluded will result in a significant reduction in greenhouse gas emissions – will be jeopardized and much of the work done to-date rendered useless. The DEP appropriately recognized in its May 11, 2020 Order permitting the Project that climate change “is the single greatest threat to Maine’s natural environment.” Were the Project license and construction to be suspended, the negative impacts of climate change on brook trout and pine marten habitat, for example, will only worsen. Without the Project, these negative impacts will continue with no viable solution in sight. The Project, the DEP recognizes, is the “immediate action” required “to mitigate the GHG emissions that are causing climate change.”

Suspension of the DEP license and Project construction now, more than a year after the DEP permitted its construction, is a major step backwards in the fight against climate change. As Mr. Dickinson explains in his Direct Testimony, construction is well underway, and we are a mere two years away from achieving commercial operation of this vital project. Suspension of the Project's construction not only would halt, and almost certainly kill, the influx of 1,200 megawatts of clean, reliable power into the grid in Lewiston. It also would negate the tremendous efforts made in constructing the Project to-date, including the 108 miles of right of way in Segments 1, 2 and 3 that have been cleared and the 58 poles that have been installed.

None of this construction has occurred on the land leased from the Bureau of Parks and Lands (BPL) that is the subject of this proceeding, and as Mr. Dickinson explained, NECEC LLC will not conduct any construction activities (including clearing) on that land while litigation over the BPL lease is pending. NECEC LLC continues to build the remainder of the Project,

however, to achieve the greenhouse gas reduction, reduced energy costs, and enhanced reliability of the Project. Were the DEP to suspend the permit such that NECEC LLC could not continue construction of the Project outside of the BPL leased land, however, NECEC LLC would have to take extraordinary and expensive measures to protect the environment during the period of suspension. As indicated in Mr. Dickinson's testimony, the NECEC project management team estimates that costs as a result of a 12-month delay in overall project construction of the NECEC LLC components would be approximately \$67 million.

During a short duration suspension, in the first 30 days to 12 months, NECEC LLC would have to stabilize all exposed soils in accordance with CMP's Environmental Guidelines (revised June 2018). This may include grading disturbed areas and installing temporary erosion control devices such as silt socks, hay bales, erosion control mix, and erosion control blankets. In addition, disturbed soils in uplands would need to be seeded and/or mulched with hay or straw. Disturbed wetland areas would be stabilized with straw and allowed to naturally revegetate. If the Project remains inactive during the winter months (November 1 through April 15), winter construction stabilization measures would be deployed consistent with CMP's Environmental Guidelines. Unnecessary construction materials and oil containing construction equipment would be removed from the right-of-way. Crane mats utilized for access roads, structure preparation areas and stream spans would be removed from the right of way during the permit suspension. During such a short-term suspension, stabilized inactive areas would be inspected by the Project's Environmental Inspectors (EIs) and DEP's Third Party Inspectors (3PIs) once a week or after rainstorms producing at least ½ inch of rainfall, whichever was more frequent. Such inspections would evaluate whether the erosion and sediment control measures were functioning properly and identify areas that may require maintenance. Weekly inspections

would be conducted on an as needed basis during frozen ground conditions, and would be suspended in areas where full revegetation is achieved and the potential for erosion no longer exists.

During a longer duration suspension, after 12 months or so, NECEC LLC would permanently stabilize the Project areas in accordance with CMP's Environmental Guidelines, Section 9.0 Site Restoration Standards. Crane mats would be removed and contours and drainage patterns would be restored. Exposed soils would be stabilized with seed and/or mulched as appropriate. It is likely that after 12 months of project inactivity, areas that were temporarily stabilized in the short term would achieve full revegetation and temporary erosion control measures could be removed. EI and 3PI inspections would continue as needed and as appropriate.

Routine inspections would be suspended after restoration walkthroughs conducted by the EIs and 3PIs documented that permanent stabilization had been achieved and the potential for erosion no longer existed. Vegetation, including trees, would be allowed to regenerate naturally; vegetation maintenance, including herbicide treatments, would not occur within the NECEC clearing limits until the permit is reinstated. In any case herbicides would not be used in Segment 1. In the unlikely event the Project is inactive by the fourth year after stabilization, post-construction invasive species surveys and follow-up invasive species removal treatment, if warranted under the Invasive Species Monitoring Plan approved by the Department, would be conducted.

As described above, any period of license suspension, even for only the short term, would substantially increase the cost of the Project and threaten the viability of the Project itself through delay. On the other hand, in the unlikely scenario of a permanent cessation and

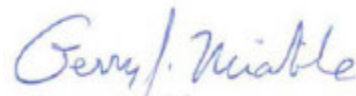
cancellation of the Project, as indicated in Mr. Dickinson's testimony the company would decommission the high voltage direct current (HVDC) transmission line over the corridor, followed by natural revegetation of the area. Thus, no harm and no permanent alterations, would result from allowing Project construction to continue while the BPL lease issue is considered and resolved.

Exhibit:
NECEC LLC-2-A: Gerry J. Mirabile CV

I declare by oath or affirmation that the above testimony is true and accurate to the best of my knowledge and belief.

Dated: October 4, 2021

Respectfully submitted,



Gerry J. Mirabile

Gerry Mirabile

**Exhibit
NECEC LLC-2-A
(CV)**

GERRY J. MIRABILE

gerry.mirabile@cmpco.com

w 207-629-9717, m 207-242-1682

PROFESSIONAL EXPERIENCE

ENVIRONMENTAL

- Broad and in-depth knowledge of environmental aspects and impacts of electric utility operations and practices.
- Responsible for securing federal, state and municipal approvals and assuring permit and regulatory compliance during New England Clean Energy Connect (NECEC) construction.
- Manage consultants responsible for preparation of federal, state, and local permit applications for transmission/distribution lines, substations, service facilities, navigational aids, and submerged utilities.
- Advise AVANGRID staff and contractors on facility siting and permitting.
- Present project proposals to federal and state regulators, planning/zoning boards, city councils, and citizen groups.
- Monitor, evaluate, and develop testimony and comments on proposed environmental, land use, permitting, vegetation management, chemical release, regulatory reporting, wildlife and fisheries, zoning, stormwater, underground tanks, erosion control, and waste management legislation and regulations.
- Develop compliance plans and advise/train AVANGRID staff and contractors on project-specific permit conditions.
- Identify and oversee third-party inspectors and contracts; review and respond to third-party inspection reports for AVANGRID capital projects.
- Coordinate with USFWS and non-profits on New England Cottontail and American kestrel survey and enhancement efforts on CMP transmission line rights of way.
- Review and edit compensation site restoration and monitoring reports.
- Developed construction-phase and maintenance-phase sensitive and protected resource management plans for capital projects.

COMMUNICATIONS & REGULATORY

- Drafted and submitted to regulatory agencies numerous summaries of environmental studies conducted in support of FERC and other Federal, state, and regional permit applications.
- Represented CMP before Maine Legislature's Environment and Natural Resources Committee, and Energy, Utilities and Technology Committee; developed and delivered expert testimony on wind energy and utility permitting, wastewater licensing, toxics use reduction, oil spill reporting, PCB's, stormwater management, wetlands, and wetlands mitigation legislation. Developed compliance plans when bills became laws.
- Develop comments and provide written and verbal response to regulators, regulatory boards, and legislators on various draft rules and legislation.
- Represented CMP on statewide linear projects vegetation management BMPs task force.
- Represent CMP on Maine State Chamber of Commerce Environmental and Energy Policy Committee.
- Testified before State Board of Environmental Protection regarding licensing of CMP's Hazardous Waste Storage facility and on numerous regulatory and rulemaking proposals.

- Represent CMP interests, pursue approvals, and clarify compliance requirements with federal, state, and local regulators.

EMPLOYMENT HISTORY

2021 to Present	AVANGRID/NEW ENGLAND CLEAN ENERGY CONNECT (Augusta, ME) <i>Director – NECEC Permitting & Compliance</i>
2017 to 2021	AVANGRID/CENTRAL MAINE POWER COMPANY (Augusta, ME) <i>Manager – NECEC Permitting</i>
2015 to 2017	AVANGRID/CENTRAL MAINE POWER COMPANY (Augusta, ME) <i>Manager – Programs/Projects & Supervisor, Environmental Compliance Department</i>
2013 to 2015	AVANGRID/CENTRAL MAINE POWER COMPANY (Augusta, ME) <i>Manager – Programs/Projects, Environmental Compliance Group</i>
1989 to 2013	CENTRAL MAINE POWER COMPANY (Augusta, ME) <i>Environmental & Licensing Coordinator, Environmental Specialist, Senior Environmental Specialist, Lead Analyst – Compliance</i>
1985 to 1989	MAINE DEPARTMENT OF ENVIRONMENTAL PROTECTION (Augusta, ME) <i>Conservation Aid, Environmental Specialist II/III</i>

EDUCATION

Husson University, Bangor, Maine	
<i>Master of Business Administration (MBA)</i>	2013
<i>Master of Science in Business(MSB)</i>	2000
Johnson State College, Johnson, Vermont	
<i>Bachelor of Science in Ecology (BS)</i>	1984
Recipient, Award for Excellence in Ecology	

CERTIFICATIONS

Erosion and Sedimentation Control Practices (Maine DEP)	2008 to present
---	-----------------

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[Redacted text block containing multiple lines of obscured content]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

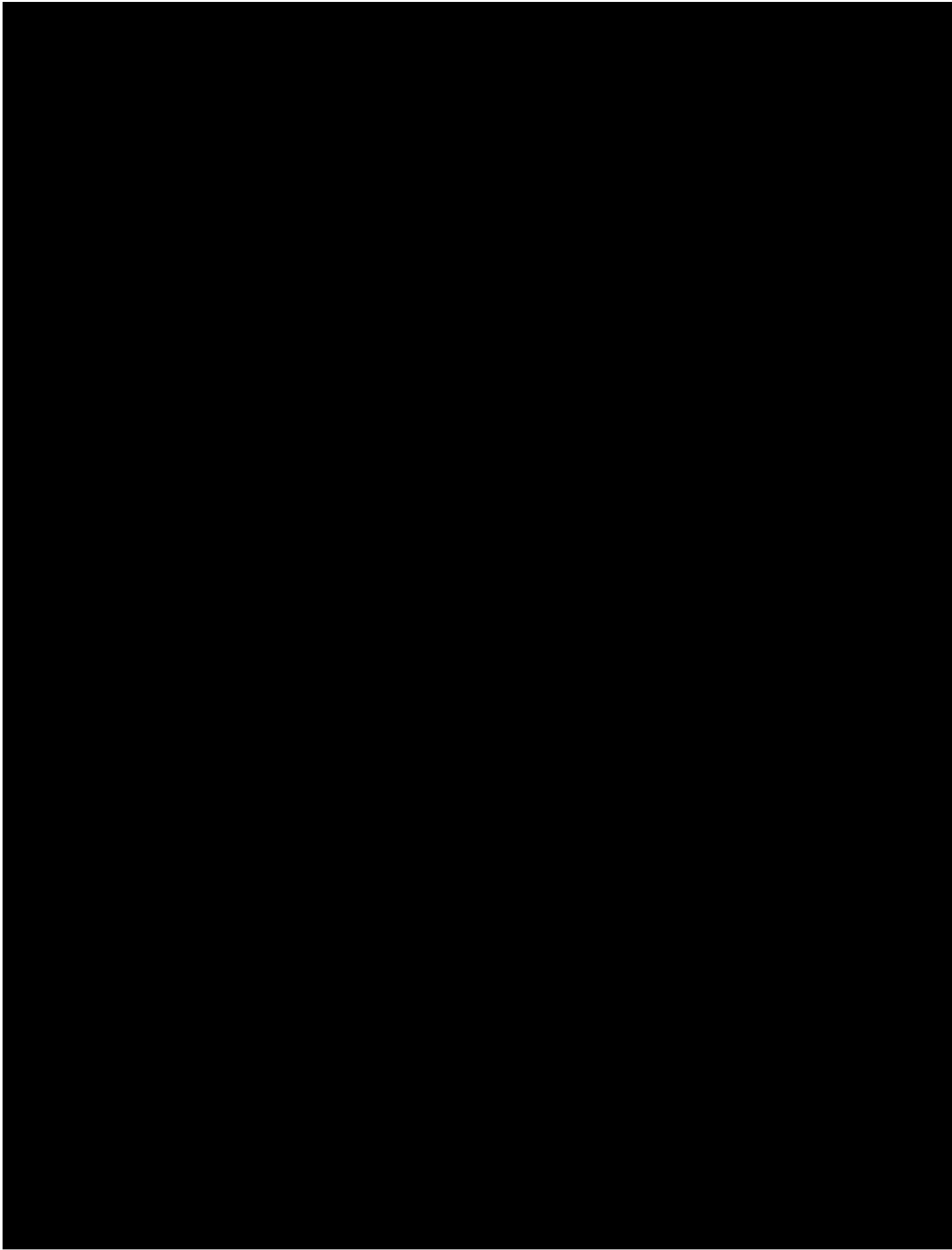
[REDACTED]

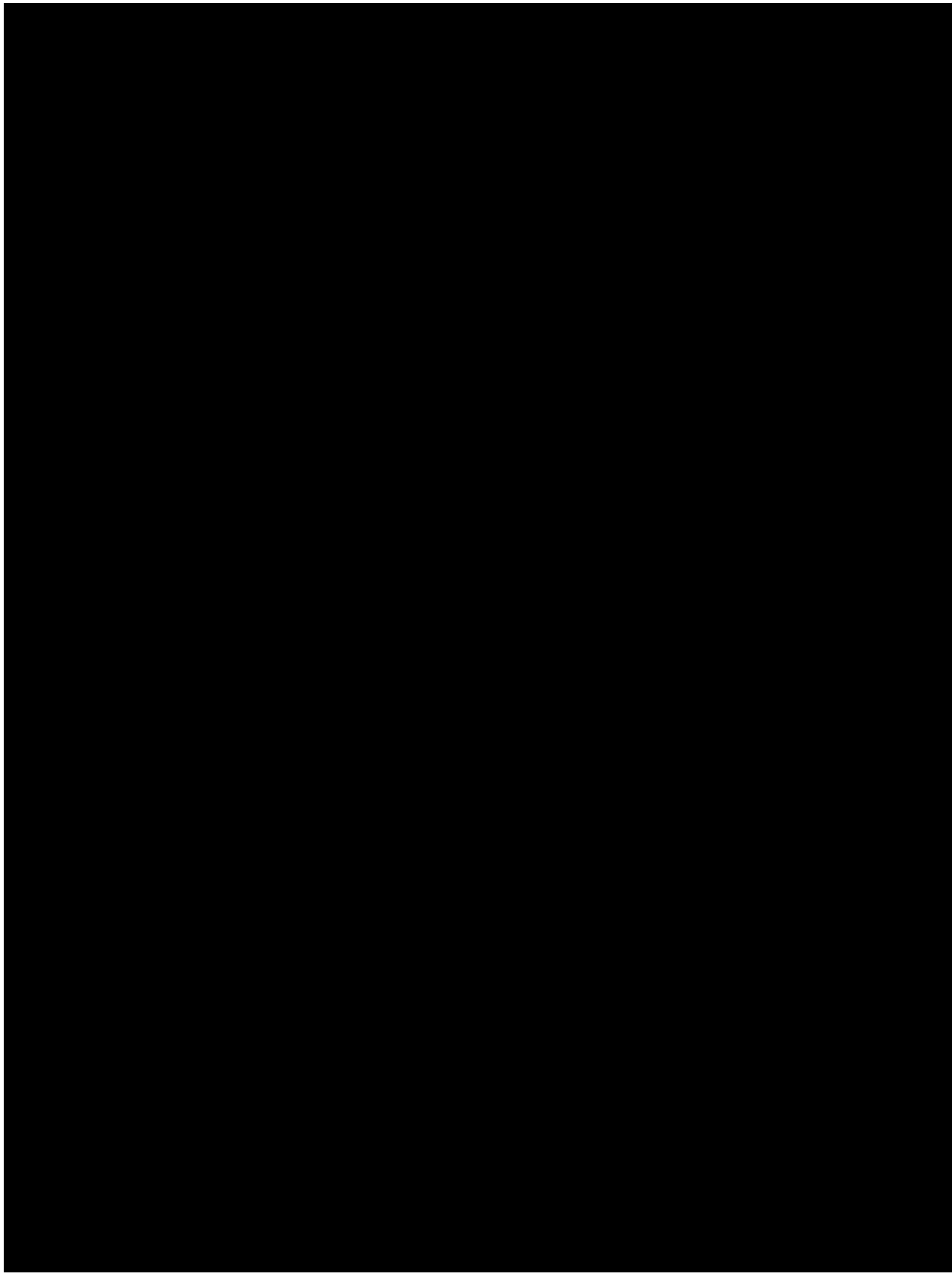
[REDACTED]

[REDACTED]

[REDACTED]







The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every receipt, invoice, and bill should be properly filed and indexed for easy retrieval. This not only helps in tracking expenses but also ensures compliance with tax regulations. The document provides a detailed guide on how to set up a filing system, including the use of folders, labels, and digital storage options.

Next, the document covers the process of reconciling bank statements. It explains how to compare the bank's records with the company's internal records to identify any discrepancies. This step is crucial for detecting errors, such as double payments or missing transactions, and for ensuring that the company's financial statements are accurate. The document includes a checklist of items to check during the reconciliation process and provides examples of common errors to watch for.

The third section focuses on managing accounts payable and receivable. It discusses the importance of timely payments to suppliers and the collection of payments from customers. The document offers strategies for negotiating better terms with vendors and for improving the company's creditworthiness. It also provides a template for creating invoices and for tracking the status of outstanding bills.

Finally, the document concludes with a summary of key financial management practices. It reiterates the importance of regular financial reviews, accurate record-keeping, and proactive management of cash flow. The document encourages businesses to seek professional advice when needed and to stay up-to-date on changes in tax laws and financial regulations.