

**Attachment A
to
Bid Price Proposal**

Bidder Conditions

The Bidder's offer to provide standard offer service at the prices described in its Bid Price Proposal is made subject to the acceptance by the Commission of the following conditions as expressly stated herein, without modification except upon the written agreement of the Bidder. The Commission's order designating the Bidder as a standard offer provider (the "Provider") shall expressly incorporate each of the conditions stated herein (the "Order").

Upon such acceptance and designation, the Bidder's resulting rights and obligations as Provider shall consist of (i) the applicable and material provisions of Maine law and regulations, and provisions of the RFP; (ii) the Order, incorporating the express conditions of this Bid Price Proposal; and (iii) the Standard Offer Provider Standard Service Agreement described below (collectively, the "Standard Offer Obligation"). In the event of any conflict or inconsistency between the terms and conditions of the Order and any other terms and conditions described above, the terms and provisions of the Order shall prevail and be given priority. Subject to the foregoing, the several documents and instruments forming the Standard Offer Obligation are to be taken as mutually explanatory of one another and in the case of ambiguities or discrepancies within or between such parts the same shall be explained and interpreted, if possible, in a manner which gives effect to each part and which avoids or minimizes conflicts among such parts.

- Proposal Expiration Date. 5:00 PM Eastern Prevailing Time, ~~July 8, 2003~~January 21, 2004.
- Standard Offer Provider Standard Service Agreement. The named T&D shall execute, deliver and perform the Standard Offer Provider Standard Service Agreement between Bidder and T&D in the form delivered to the Commission with the Bid Price Proposal (the "SOP Agreement") on or before the Proposal Expiration Date.
- Waiver of Applicability of Opt-Out Fee Formula Change. If, for any reason, the Maine Legislature or the Commission shall modify, alter or amend any law, rule or regulation such that the current Opt-Out Fee formula set forth in Section 2 of Chapter 301 of the Commissions Rules (as in effect as of the date hereof) of twice the highest standard offer service bill during the Term of Service (as such term is defined in the SOP Agreement) of any switching Retail SOS Customer (as such term is defined in the SOP Agreement) shall change, such modification, alteration or amendment shall not apply to the Provider during the Term of Service.
- Confidentiality of Bidder Identification. The Commission agrees not to reveal the identity of the Bidder prior to the date that is two (2) weeks after the date of the Order designating Bidder as Provider.
- Increased Costs Associated With Change in Law.

If the Maine legislature or the Commission enacts, promulgates, adopts, alters, modifies or waives¹ any law, rule, tariff or regulation that relates to the provision of standard offer service or the provision of competitive electric service in general after the date hereof, or if the definition of rate classes, as presently defined by each T&D, changes (a "Change in Law") and such Change in Law materially increases the Provider's cost to provide standard offer service, Provider shall recover such increased costs in accordance with paragraph (a) or paragraph (b) below, as applicable. Provider shall provide the Commission and, if applicable, the Maine Legislature with a calculation of its increased costs as soon as practicable after becoming aware of a Change in Law or consideration by the Commission or the Maine Legislature of a Change in Law.

(a) If the Commission finds that Provider's calculation reasonably reflects its increased costs, the Commission shall increase the price of standard offer service paid by retail standard offer customers at the time a Change in Law becomes effective so that Provider recovers increased costs in accordance with Provider's calculation.

(b) If the Commission does not find that Provider's calculation reasonably reflects its increased costs, the Commission may increase the price of standard offer service paid by retail customers such that Provider recovers increased costs in accordance with the Commission's calculation. In this event, Provider may invoke binding arbitration of the increased cost amount by notice to the Commission. Any such arbitration shall be conducted in accordance with the rules of the American Arbitration Association, except as otherwise provided herein. A final arbitration decision shall be rendered no later than ninety (90) days after the date on which Provider provides notice to the Commission that it has invoked arbitration. From and after the date of Provider's arbitration notice and until the conclusion of any such arbitration proceeding pursuant to final decision of the arbitrators, Provider may recover the difference between the increased cost amount as calculated by Provider and the amount being paid to Provider in respect of such increased costs from the T&D. If the amount awarded pursuant to such arbitration is materially less than the amount recovered by Provider from the T&D in respect of the Change in Law during the pendency of the arbitration, Provider shall refund such difference to the T&D, together with interest on such difference calculated at a rate equal to the lesser of (i) eighteen percent (18%) per annum, and (ii) the maximum rate permitted by applicable law.

Notwithstanding the foregoing, if upon receipt of reasonable prior direct notification of a proposed Change in Law, Provider fails within the time prescribed in such notice to inform the Maine Legislature or the Commission, pursuant to applicable procedures identified in such notice, of the impact that a Change in Law under consideration would have on Provider's cost to provide standard offer service, Provider shall not be entitled to cause the Commission to undertake action with respect to its increased costs or to engage in arbitration proceedings with respect thereto as provided in clause (a) or (b) above.

¹ Except for opt-out fee waivers granted by the Commission pursuant to its January 24, 2001 "Order Adopting Rule and Statement of Factual and Policy Basis" (Docket No. 2000-904).

- Termination by Provider. In the event of a default on the part of the T&D which results in termination of the SOP Agreement, or an unlawful or arbitrary action by the Maine legislature or the Commission or other action by the Commission (other than as a result of a Provider Default) as a result of which Provider ceases to receive payment for standard offer service at the rate and upon the terms specified herein or Provider is removed as the standard offer provider or ceases to retain the right to provide standard offer service for the entire term specified herein, Provider shall have the right to terminate its obligation to provide standard offer service, the exercise of which shall terminate all of Provider's SOP Obligations. Provider's loss as a consequence of such termination shall be calculated and recovered from the T&D pursuant to the relevant liquidation provisions of the SOP Agreement. For purposes of such calculation, Provider's loss shall not include any consequential or indirect damages.
- Termination by Commission. The unexcused occurrence of either of the following events shall constitute a "Provider Default": (i) Provider fails to satisfy its Load Asset obligations for the applicable Load Assets in the ISO-NE market settlement system (or its equivalent obligations in any successor market settlement system), as a result of which the T&D or other third party is obligated to assume responsibility for all such market settlement obligations; or (ii) Provider fails to perform any other of its material obligations under the Standard Offer Obligation in accordance with the requirements thereof, and the Commission, after notice and opportunity to be heard, finds that the failure justifies removal of Provider as the standard offer provider, and all Provider's SOP Obligations shall terminate.

Notwithstanding any provision to the contrary in the Standard Offer Obligation, the Commission shall not, nor shall it permit the T&D to, take any remedial action as a result of a failure or default of Provider (including action(s) described in Section 8.2 of the RFP and Section 9 of Chapter 301) unless such event constitutes a Provider Default.

- Security: The Commission shall find that the Form of Guaranty delivered to the Commission with the Bid Price Proposal satisfies Provider's financial capability requirements under Maine law, regulations, the RFP and any other Standard Offer Obligation provision (notwithstanding a Change in Law) so long as the guarantor thereunder meets the requirements of Section 3(A)(2)(b)(i), (ii) and (iii) of Chapter 301 of the Commissions Rules (as in effect as of the date hereof)(the "Provider Security Requirements"). Provider shall promptly notify the Commission in the event of a downgrade in the rating assigned to the senior secured debt obligations of the guarantor thereunder below the threshold specified in such rule (or the equivalent in the case of a downgrade of the guarantor's senior unsecured debt obligations)(a "Provider Downgrade Event"), and shall deliver, within five (5) Business Days, a letter of credit in an amount equal to the amount of the Guaranty in effect as of such date and otherwise consistent with the requirements of Section 3(A)(2) of Chapter 301 (the "Replacement Security"), at which time the Guaranty of CEG shall terminate and be of no further force and effect. If, after delivery of Replacement Security as a result of a Provider Downgrade Event, the credit rating of Provider's guarantor is restored to the minimum threshold discussed above and a replacement Guaranty which complies with the Provider Security Requirements has been issued, the T&D shall return such Replacement Security to Provider within five (5) days of the issuance of such replacement Guaranty. If Guarantor notifies a T&D that it intends to terminate its guarantee in accordance with its terms, a Provider Default will occur unless, within ten (10) days, Provider shall deliver or cause the delivery of,

a letter of credit or cash in an amount equal to the amount of the Guaranty in effect as of such date and otherwise consistent with the requirements of Section 3(A)(2) of Chapter 301 (the "Replacement Security") or acceptable to the Commission.