

EXHIBIT ID
ISO NEW ENGLAND BILLING POLICY

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EXHIBIT ID ISO NEW ENGLAND BILLING POLICY

SECTION 1 – OVERVIEW

Section 1.1 – Scope. The objective of this ISO New England Billing Policy is to define the billing and payment procedures to be utilized in administering charges and payments due under the Transmission, Markets and Services Tariff and the ISO Participants Agreement, in each case as amended, modified, supplemented and restated from time to time (collectively, the “Governing Documents”). Capitalized terms used but not defined in the ISO New England Billing Policy shall have the meanings specified in Section I. The ISO New England Billing Policy applies to the ISO, the Market Participants, Non-Market Participant Transmission Customers, PTOs, and Market Participants that transact only in the FTR Auction (“FTR-Only Customers”) (referred to herein collectively as the “Covered Entities” and individually as a “Covered Entity”) for billing and payments procedures for amounts due under the Governing Documents, including without limitation those procedures related to the New England Markets. As reflected and specified in Section 3 hereof, the ISO’s obligation to make Payments (as defined below) is contingent on its receipt of sufficient aggregate Charges (as defined below) (or in cases of defaults in Covered Entities’ payments of Charges, on the ISO’s drawdowns under the ISO New England Financial Assurance Policy or recovery using the mechanisms specified in Section 3, 4 and 5 hereof).

Section 1.2 – Financial Transaction Conventions. The following conventions have been adopted in defining sums of money to be paid or received under the ISO New England Billing Policy:

- a) The term “Charge” refers to a sum of money due from a Covered Entity to the ISO, either in its individual capacity or as billing and collection agent for NEPOOL pursuant to the Participants Agreement.
- b) The term “Payment” refers to a sum of money due to a Covered Entity from the ISO. Amounts due to and from the ISO include amounts collected and paid by the ISO as billing and collection agent for NEPOOL pursuant to the Participants Agreement.

- c) Where a Covered Entity's total Charges exceed its total Payments for all amounts being billed together in a billing period, the ISO shall issue an "Invoice" for the net Charge owed by such Covered Entity.
- d) Where a Covered Entity's total Payments exceed its total Charges for all amounts being billed together in a billing period, the ISO shall issue a "Remittance Advice" for the net Payment owed to the Covered Entity. Invoices and Remittance Advices are collectively referred to herein as "Statements."

Section 1.3 -General Process. Except for special billings, as described in Section 1.4 below, the billing process is performed (i) twice weekly for each complete-day settlement amount for the hourly charges and payments for Real-Time Energy and Day-Ahead Energy and for each complete-day settlement amount for the hourly charges and payments for Real-Time Operating Reserve, Forward Reserves, Regulation service, Emergency Sales, Emergency Purchases and Net Commitment Period Compensation (all such hourly charges and payments described in this clause (i) being referred to collectively as the "Hourly Charges"); (ii) monthly for all other charges and payments, including without limitation charges relating to the monthly markets, the Forward Capacity Market and other ancillary services, Participant Expenses, charges under Section IV of the ISO Transmission, Markets and Services Tariff, monthly meter adjustments, Qualification Process Cost Reimbursement Deposits (including the annual true-up of those Qualification Process Cost Reimbursement Deposits), state sales tax and related charges, any pass-through charges where the ISO acts as agent (including communications related charges, Open Access Same-Time Information System related charges, and fees related to the Shortfall Funding Arrangement), and charges under the OATT (*other than* charges arising under Schedules 1, 8, and 9 to the OATT, which charges are addressed in clause (iii) below) (all such charges and payments described in this clause (ii) being referred to collectively as ("Non-Hourly Charges" and, together with Hourly Charges, as "ISO Charges")), except in the case of Covered Entities who have requested and received a weekly payment arrangement for Non-Hourly Charges under the ISO New England Financial Assurance Policy that is Exhibit IA to Section I of the ISO Transmission, Markets and Services Tariff (the "ISO New England Financial Assurance Policy"); and (iii) monthly for all charges and payments under Schedules 1, 8 and 9 to the OATT (all such

charges and payments described in this clause (iii) being referred to collectively as “Transmission Charges”). There are two major steps in the billing process:

- a) *Statement Issuance.* The ISO will issue an Invoice or Remittance Advice showing the net amounts due from or owed to a Covered Entity. This Statement is determined from the preliminary statements of the New England Markets, applicable the ISO Charges and/or Transmission Charges due under the Governing Documents (including amounts due under the ISO New England Financial Assurance Policy), as well as applicable adjustments. Prior to January 1 of any calendar year, the ISO will post or make available a list of the dates in the new calendar year on which Statements will be issued, due and paid. Billing and payment holidays will be the same as the ISO’s settlement holidays, as listed on the ISO’s website from time to time.
- b) *Electronic Funds Transfer (“EFT”).* EFTs related to Invoices and Remittance Advices are performed in a two-step process, as described below, in which all Invoices are paid first and all Remittance Advices are paid later.

Section 1.4 -Special Billings. In addition to the regular billing process described above, the ISO will issue special, extraordinary Statements as and when required under the Governing Documents or in order to adjust for special circumstances. Such Statements shall be payable in accordance with the instructions set forth therein.

Section 1.5 -Conflicts with Governing Documents. Except as set forth herein, to the extent any provision hereof conflicts with any provision of any Governing Document, the provision in the Governing Document shall govern.

SECTION 2 -TIMING AND CONTENT OF STATEMENTS.

Section 2.1 -Statements for Hourly Charges. On each Monday and each Wednesday or on the following Business Day if such Monday or Wednesday is not a Business Day, the ISO shall provide electronically to each Covered Entity a Statement showing all complete-day settlement

amounts for each of the Hourly Charges incurred and not reflected on a previously issued Statement. Each such Statement will cover only days with complete settled data. Accordingly, some Statements may have fewer days of settled data for certain Hourly Charges if fewer days have been settled for those Hourly Charges on the morning of the day that such Statements are issued; a following Statement may have more days of settled data for those Hourly Charges when it becomes possible to catch up on the settled data. Statements will include contiguous month-to-month hourly market billing data and will have separate line items for any hourly market data that may cross calendar months. For example, if a Statement's billing period includes May 30 through June 2, and all of those days are fully settled, the June 8 Statement would have one line item for the period May 30 to May 31 and one line item for the period June 1 to June 2. The Job Aid on the ISO web site will be updated weekly for any information necessary to be distributed through that medium.

Section 2.2 -Monthly Statements for Non-Hourly Charges. The first Statement issued on a Monday after the ninth of a calendar month will include both the Hourly Charges for the relevant billing period and Non-Hourly Charges for the immediately preceding calendar month (hereinafter sometimes referred to as a "Monthly Statement"). Resettlements determined in accordance with the procedures set forth in Market Rule 1 will be included in the monthly Statement for Non-Hourly Charges.

Section 2.3 -Statements for Weekly Billing Non-Hourly Charges. The ISO shall implement any weekly billing arrangements for Non-Hourly Charges effected under the ISO New England Financial Assurance Policy in accordance therewith and with the procedures set forth in Section 7 below.

Section 2.4 -Contents of Statements. Each Statement for Hourly and Non-Hourly Charges will include all of the following line items that are applicable to the Covered Entity receiving such Statement for the period to which such Statement relates:

- a) *Invoice or Remittance Advice Amount*. The net amount of all Charges and Payments owed by or due to a Covered Entity for the relevant Statement. The

ISO shall issue an Invoice where the Covered Entity owes monies. The ISO shall issue a Remittance Advice where the Covered Entity is owed monies.

- b) *OATT Charges and Payments.* The Charges owed by and the Payments owed to the Covered Entity under the OATT *other than* Transmission Charges, which are billed separately under Section 2.5 below.
- c) *ISO Self-Funding Charges.* The Charges owed by the Covered Entity under Section IV of the Transmission, Markets and Services Tariff, categorized by the section or schedule under which such Charges arise.
- d) *Markets Charges and Payments.* The Hourly Charges owed by and the Payments for Hourly Charges owed to the Covered Entity as a result of transactions in each of the New England Markets administered by the ISO under Section III of the Transmission, Markets and Services Tariff.
- e) *Capacity Charges and Payments.* The Non-Hourly Charges owed by and the Payments for Non-Hourly Charges owed to the Covered Entity as a result of capacity charges, penalties and other transactions in the Forward Capacity Market.
- f) *Participant Expenses.* As defined in the Participants Agreement, the Covered Entity's share of costs and expenses that are incurred pursuant to authorization of the Participants Committee and are not considered costs and expenses of ISO.
- g) *Sanctions Charges.* Any Charges assessed on the Covered Entity pursuant to Appendix B of Market Rule 1.
- h) *Other Amounts due under the Participants Agreement.* The Charges owed by or the Payments owed to the Covered Entity under the Participants Agreement to the extent that those amounts are not included in items (b)-(g) above.

- i) *Other Non-Hourly Charges, Payments or Adjustments.* Any other Non-Hourly Charges, Payments for Non-Hourly Charges, or adjustments owed by or to the Covered Entity that are not included in items (b)-(h) above. These items may be due to retroactive billing adjustments, late payment fees, penalties or other items collectible under the Governing Documents.

- j) *Billing Periods.* The billing period (from and to dates) covered for each line item on the Statement. The billing periods for the various line items are not necessarily the same because of differences in timing of settlements and because of retroactive adjustments.

- k) *Payment Due Date and Time.* If the Statement is an Invoice, the date and time on which the net amount due is to be received by the ISO.

- l) *Wire Transfer Instructions.* Details including the account number, bank name, routing number and electronic transfer instructions which, in the case of an Invoice, will be for the ISO account to which ISO Charges owed by the Covered Entity are to be paid or, in the case of a Remittance Advice, will be for the Covered Entity's account to which the ISO shall remit Payments for ISO Charges owed to that Covered Entity (as previously provided to the ISO by such Covered Entity).

Section 2.5 - Monthly Statements for Transmission Charges. On the same date when each Monthly Statement is issued, the ISO shall provide electronically to each Covered Entity owing or owed any Transmission Charges for the preceding month a Statement (which may be combined with that Monthly Statement) showing all of the Transmission Charges for that Covered Entity for that preceding month (hereinafter sometimes referred to as a "Transmission Statement"). Any resettlements of Transmission Charges will also be included on the Transmission Statement. Each Transmission Statement will also include: (i) the billing month covered by the Transmission Statement; (ii) if the Transmission Statement is an Invoice, the date and time on which the net amount due is to be received by the ISO; and (iii) details including the account number, bank name, routing number and electronic transfer instructions which, in the

case of an Invoice, will be for the ISO account to which Transmission Charges owed by the Covered Entity are to be paid or, in the case of a Remittance Advice, will be for the Covered Entity’s account to which the ISO shall remit Payments for Transmission Charges owed to that Covered Entity (as previously provided to the ISO by such Covered Entity).

Section 2.6 –Certain Subsequent Adjustments to Previously Issued Statements.

- a) *Adjustments Requested by Covered Entities.* Covered Entities supplying Regional Network Load and other input data to the ISO for use by the ISO in developing Statements shall use reasonable care to assure that the data supplied is complete and accurate. Should a Covered Entity supplying input data subsequently determine that the data supplied was incorrect, that Covered Entity shall notify the ISO promptly of the error and submit corrected data as soon as practicable. All errors in input data for a calendar month shall be corrected in one submission. If the error is detected and corrected data is provided within the time frames set forth below, the ISO will issue corrected Statements to reflect the newly supplied data.

Type of Adjustment	Corrected Data Must be Submitted By
Adjustments to Monthly Regional Network Load Submissions	20 th day of the fourth (4 th) month after the Regional Network Load Month
Adjustments to Annual Revenue Requirements Submissions	Annually during the rate development process, which is administered by the PTO Working Group
Adjustments to Annual Transmission, Markets and Services Tariff Section II, Schedule I Submissions	Annually during the rate development process, which is administered by the PTO Working Group

If the data correction is not submitted within the applicable time frame set forth above, the obligation of the ISO to issue corrected Statements reflecting that adjustment shall be as set forth in a written re-billing protocol, developed in consultation with the NEPOOL Budget and Finance Subcommittee, and as may be amended from time to time in consultation with the NEPOOL Budget and Finance Subcommittee, and posted on the ISO website. The re-billing protocol

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shall provide, for each category of adjustment listed above, whether and to what extent the adjustment shall be prospective or retroactive and the timing of the adjustment. If the corrected data is not submitted within the applicable time frame, the ISO may assess each Covered Entity submitting corrected data on an untimely basis its costs in generating and issuing the corrected Statement. The written re-billing protocol shall include a fee schedule for this purpose.

- b) *Adjustments Triggered by ISO Audit.* The ISO will review the results of internal and outsourced audits with the PTO Administrative Committee and the Participants Committee or its delegee. The reasonable costs to the ISO of the re-billing shall be allocated to Schedule 1 of Section IV of the Transmission, Markets and Services Tariff.
- c) *Adjustments Reflecting Compliance with an Order of the Commission or other Regulatory or Judicial Authority With Jurisdiction.* Adjustments required to effect compliance with an order of the Commission (or any other regulatory or judicial authority with jurisdiction to interpret and/or enforce the provisions of the Governing Documents) shall be completed by the ISO in compliance with such order. The costs of any such re-billing to the ISO shall be allocated among the Covered Entities in accordance with the provisions of the Transmission, Markets and Services Tariff.
- d) Nothing in this Section 2.6 shall affect resettlements of the New England Markets under Market Rule 1.

SECTION 3 -PAYMENT PROCEDURES.

All Payments (including prepayments as described in Section 3.1(e) below) made by the ISO will in all instances be made by EFT or in immediately available funds payable to the account designated to the ISO by the Covered Entity to which such Payment is due. Payments made by Covered Entities shall be made by EFT to the account designated by the ISO.

Section 3.1 -Invoice Payments.

- a) *Payment Date.* Except in the case of special billings, all Charges due shall be paid to and received by the ISO not later than the second (2nd) Business Day after the Invoice on which they appeared was issued (the “Invoice Date”) so long as the ISO issues such Invoice to the Covered Entities by 11:00 a.m. Eastern Time on the Invoice Date. If the ISO issues an Invoice after 11:00 a.m. Eastern Time on the Invoice Date, the charges on such Invoice will be paid not later than the third (3rd) Business Day after such Invoice Date. Notwithstanding the foregoing, a Non-Market Participant Transmission Customer will in no event be required to make a payment on an Invoice any sooner than provided in Section II of the Transmission, Markets and Services Tariff.
- b) *Right to Alter Payment Date.* The ISO may establish the dates on which payments are due in the case of a special billing; provided, however, that, (i) payment on any special billing invoice shall not be due prior to the second (2nd) Business Day after the Invoice is issued, and (ii) a Non-Market Participant Transmission Customer shall not be required to make a payment on an Invoice any sooner than provided in Section II of the Transmission, Markets and Services Tariff.
- c) *Payments Received by the ISO.* Each Covered Entity owing monies to the ISO, either in the ISO’s individual capacity, or as agent for NEPOOL, shall remit the amount shown on its Invoice no later than the date such payment is due. Disputed Amounts shall be paid in accordance with clause (d) below. All Invoices shall be paid by EFT, except that (i) Covered Entities (other than Unqualified New Market Participants and Returning Market Participants under the ISO New England Financial Assurance Policy that are not Provisional Members) may, and any Provisional Member must, pay any Invoice for ISO Charges (but not for Transmission Charges) by instructing the ISO (either on a case-by-case basis or pursuant to a standing instruction) in writing to draw on collateral maintained in a shareholder account created pursuant to the ISO New

England Financial Assurance Policy provided by such Covered Entity under the ISO New England Financial Assurance Policy for such Invoice, provided that the failure of a Provisional Member to provide such an instruction to the ISO shall not, in and of itself, be deemed to be a default under the ISO New England Billing Policy and (ii) any Covered Entity may instruct the ISO to auto-debit an account identified by that Covered Entity to pay all Invoices issued by the ISO and in such case the Covered Entity will direct the bank or other institution holding that account to permit the ISO to auto-debit that account to pay all such Invoices on the date they are due. Any instruction to pay any Invoice by drawing on collateral maintained in a shareholder account or to auto-debit an account must be received by at least 5:00 p.m. (Eastern Time) on the day that is two Business Days prior to the Invoice Date. The amount of a Covered Entity's collateral maintained in a shareholder account will immediately be reduced by the amount drawn to pay an Invoice for ISO Charges pursuant to a standing instruction. Nothing set forth in this section will reduce the financial assurance obligation otherwise applicable to any Covered Entity that instructs the ISO to draw on collateral maintained in a shareholder account or to auto-debit an account to pay an Invoice, and the ISO is not liable for any default resulting from a draw on collateral maintained in a shareholder account to pay an Invoice or for any overdraft charges resulting from any auto-debit.

- d) *Payments Pending Resolution of a Dispute.* Any Covered Entity that disputes the amount due, including an amount due for Participant Expenses, on any Invoice for service other than transmission service under Section II of the Transmission, Markets and Services Tariff shall pay to the ISO all amounts due on such Invoice, including any such Disputed Amounts. Such payment shall in no way prejudice the right of such Covered Entity to seek reimbursement of such Disputed Amounts, including accrued interest on such amounts at the Commission's standard rate, set forth in 18 C.F.R. Section 35.19, pursuant to the Billing Dispute Resolution Procedures provided in Section 6 below.

Any Covered Entity that disputes the amount due on any Invoice for transmission service under the Transmission, Markets and Services Tariff shall pay to the ISO all amounts not in dispute in accordance with the ISO New England Billing Policy and shall pay (or, in the case of an auto-debit payment or a payment for ISO Charges pursuant to a standing instruction, as described above, direct the ISO to pay) such Disputed Amounts into an independent escrow account designated by the ISO, which account shall be established at a banking institution acceptable to the ISO and the Covered Entity challenging the amount due and shall accrue interest at a prevailing market rate. Such amount in dispute shall be held in escrow pending the resolution of such dispute in accordance with the applicable Governing Document(s). The shortfall of funds available to pay Remittance Advices resulting from the amount in dispute being held in an escrow account shall be allocated among the Covered Entities according to the two-step allocation process described in Section 3.3 (for ISO Charges) and in Section 3.4 (for Transmission Charges) for the applicable type of Covered Entity disputing the Charges, subject to payment to all Covered Entities being allocated a portion of the shortfall, with applicable interest (if any), once the dispute is resolved with the funds in such escrow account or with other amounts provided by the Covered Entity losing such dispute.

- e) *Prepayments.* A Covered Entity may prepay any Invoice, in whole or in part, according to the following procedures:
 - (i) only two such prepayments shall be made by any Covered Entity in any calendar week; only five such prepayments shall be made in any rolling 365-day period; and no prepayments shall be made on a Friday;
 - (ii) each prepayment will be applied only to the next subsequent Invoice issued;
 - (iii) prepayments and payments for issued Invoices must be made in separate wire transfers;
 - (iv) for purposes of calculating a Covered Entity's financial assurance obligations under the ISO New England Financial Assurance Policy, prepayments will be

- applied first to Hourly Charges, then any remaining prepayment will offset the Covered Entity's financial assurance obligations on a dollar-for-dollar basis;
- (v) if ISO Charges and Transmission Charges are billed on separate Invoices, then separate prepayments must be made for those ISO Charges and Transmission Charges (the ISO will account for each prepayment separately and will only apply each prepayment to the designated Charges);
 - (vi) if a prepayment exceeds the amount due on the next subsequent Invoice issued, then the prepayment will be applied to that Invoice first, and then to the extent any amount is left after paying that Invoice, the Covered Entity making that prepayment may direct at the time of the prepayment that the excess be deposited with its collateral maintained in a shareholder account created pursuant to the ISO New England Financial Assurance Policy, and if the Covered Entity does not direct the ISO to make that deposit, the excess will be returned to the Covered Entity. Under either circumstance, the deposit to the shareholder account or the return of excess funds will occur on the next date when the ISO pays Remittances; and
 - (vii) all prepayments will be held in the ISO's settlement account until the Invoice payments are due, and no interest will be paid to any Covered Entity on any prepayments provided by it.

Section 3.2 -ISO Payment of Remittance Advice Amounts. The Payment Date for a Remittance Advice shall be the fourth (4th) Business Day following the date on which the Remittance Advice was issued (the "Remittance Advice Date") so long as the ISO issues such Remittance Advice by 11:00 a.m. Eastern Time on the Remittance Advice Date. If the ISO issues a Remittance Advice after 11:00 a.m. Eastern Time on the Remittance Advice Date, the Payment Date for that Remittance Advice shall be the fifth (5th) Business Day after the Remittance Advice Date.

Section 3.3 -Payment Default for ISO Charges. If the ISO, in its reasonable opinion, believes that all or any part of any amount of ISO Charges due to be paid to the ISO by any Covered Entity will not or has not been paid when due (other than in the case of (i) a payment dispute for any amount due for transmission service under the OATT or (ii) any amounts due for NEPOOL GIS API Fees) (the "Default Amount"), then the following procedures shall apply:

- a) *Priority of Payments.* The ISO shall use moneys received by it from Covered Entities for an Invoice for ISO Charges to pay all amounts due to the ISO under Section IV of the Transmission, Markets and Services Tariff, all amounts due to NEPOOL for Participant Expenses, and all amounts due to the ISO for acting as Project Manager for the generation information system (the “NEPOOL GIS”) before making any payments to any Covered Entities. After paying all amounts due to the ISO and NEPOOL but prior to making any payments to any Covered Entities, the ISO shall use moneys received by it from Covered Entities for ISO Charges to pay all amounts due from NEPOOL to the entity or entities that develop, administer, operate and maintain the NEPOOL GIS (the “NEPOOL GIS Administrator”) for those services (other than NEPOOL GIS API Fees). After paying all amounts due to the ISO and NEPOOL for Participant Expenses and all amounts due to the NEPOOL GIS Administrator for the development, administration, operation and maintenance of the NEPOOL GIS but prior to making any payments to any Covered Entities, the ISO shall use moneys received by it from Covered Entities for ISO Charges to pay any and all amounts due with respect to the Shortfall Funding Arrangement. NEPOOL GIS API Fees shall only be paid to the NEPOOL GIS Administrator to the extent that each Covered Entity or NEPOOL Participant owing such NEPOOL GIS API Fees has paid the full amount of all ISO Charges due on the Statement on which such NEPOOL GIS API Fees appear.
- b) *Use of Set-Offs.* The ISO shall use any and all rights of set-off it has under the Governing Documents, including the ISO New England Financial Assurance Policy and the ISO New England Billing Policy against a defaulting Covered Entity with respect to ISO Charges due to that Covered Entity to the extent necessary to pay the Default Amount, together with any interest accrued thereon and any late charges assessed under the Governing Documents, including the ISO New England Financial Assurance Policy, due from such Covered Entity.

- c) *Enforcing the Security of a Defaulting Party.* If and to the extent that the procedure described in clause (b) above is insufficient to effect payment of the Default Amount and all interest accrued thereon and late charges assessed under the Governing Documents, including the ISO New England Financial Assurance Policy, the ISO shall use the financial assurance(s) provided by the defaulting Covered Entity under the ISO New England Financial Assurance Policy to the extent necessary to pay the Default Amount and such interest and late charges. Any use of financial assurance(s) shall be undertaken in compliance with the ISO New England Financial Assurance Policy.
- d) *Action Against a Defaulting Party.* If and to the extent that the procedures described in clauses (b) and (c) above are insufficient to effect payment of the Default Amount and all interest accrued thereon and late charges assessed under the Governing Documents, including the ISO New England Financial Assurance Policy, the ISO shall take appropriate actions to recover the Default Amount and such accrued interest and late charges, which actions may include, without limitation, initiating proceedings in accordance with the appropriate dispute resolution mechanisms or actions with Covered Entities or before the Commission or a court of competent jurisdiction against the defaulting Covered Entity. Before initiating any such proceedings, the ISO shall consult with the Chair of the NEPOOL Budget and Finance Subcommittee or NEPOOL counsel. Any amounts incurred by the ISO or any Market Participant in connection with any such action or proceeding shall be paid by the defaulting Covered Entity.
- e) *Late Payment Account.* If and to the extent that the procedures described in clauses (b), (c) and (d) above are insufficient to effect payment of the Default Amount (but not interest accrued thereon and late charges assessed under the Governing Documents, including the ISO New England Financial Assurance Policy) by the time the corresponding Payment to the Covered Entities is due, the ISO shall withdraw from the Late Payment Account, as that term is defined in Section 4 of the ISO New England Billing Policy, an amount equal to such unpaid Default Amount, to the extent that such amount is available in the Late

Payment Account, and shall apply such amount to any shortfall in Payments resulting from the Default Amount not being paid. To the extent that the amount on deposit in the Late Payment Account on any date is insufficient to pay all Unsecured Default Amounts and Uncovered Default Amounts (each as defined below) on that date, the amount in the Late Payment Account shall first be applied to Uncovered Default Amounts on that date and, once cash has been applied to all Uncovered Default Amounts, then such amount shall be applied to Unsecured Default Amounts on that date, in each case pro rata based on the total Uncovered Default Amounts on or total Unsecured Default Amounts outstanding. Amounts withdrawn from the Late Payment Account and applied toward any shortfall resulting from the Default Amount shall not relieve the defaulting Covered Entity of its obligation to pay such Default Amount. If and to the extent that such Default Amount, interest thereon and/or late charges with respect thereto are subsequently collected (including as a result of the use of a financial assurance under the ISO New England Financial Assurance Policy or through actions or proceedings against the defaulting Covered Entity), such amounts shall first be used to pay Covered Entities for the amount of such Default Amount allocated to them under clauses (h), (i) and (j) below, with interest thereon, and then, after all such amounts have been paid to Covered Entities, such Default Amount, interest and/or late charges shall be deposited into the Late Payment Account in accordance with Section 4 of the ISO New England Billing Policy.

- f) *Payment Default Shortfall Fund.* To the extent that the procedures described in clauses (b), (c), (d) and (e) above are insufficient to effect payment of the Default Amount (but not interest accrued thereon and late charges assessed under the Governing Documents, including the ISO New England Financial Assurance Policy) the ISO will draw on the Shortfall Funding Arrangement to the extent the Shortfall Funding Arrangement is available at the time, and to the extent the Shortfall Funding Arrangement is not available at the time, the ISO will withdraw from the Payment Default Shortfall Fund, an amount equal to such unpaid Default Amount and shall apply such amount to the shortfall in Payments

resulting from the Default Amount not being paid. To the extent that the amount on deposit in the Payment Default Shortfall Fund on any date is insufficient to pay all Unsecured Default Amounts, Uncovered Default Amounts, Unsecured Transmission Default Amounts and Uncovered Transmission Default Amounts (each as defined below) on that date (after applying all amounts in the Late Payment Account for defaults on ISO Charges and all amounts in the Transmission Late Payment Account for defaults on Transmission Charges on that date), the amount in the Payment Default Shortfall Fund on that date shall first be applied to Uncovered Default Amounts on that date and, once cash has been applied to all Uncovered Default Amounts, then such amount shall be applied to Unsecured Default Amounts on that date and, once cash has been applied to all Uncovered Default Amounts and all Unsecured Default Amounts, then such amount shall be applied to Uncovered Transmission Default Amounts on that date and, once cash has been applied to all Uncovered Default Amounts, Unsecured Default Amounts and Uncovered Transmission Default Amounts, then such amount shall be applied to Unsecured Transmission Default Amounts on that date, in each case pro rata based on the total Uncovered Default Amounts, total Unsecured Default Amounts, total Uncovered Transmission Default Amounts or total Unsecured Transmission Default Amounts outstanding. Amounts drawn on the Shortfall Funding Arrangement and/or withdrawn from the Payment Default Shortfall Fund and applied to any shortfall resulting from the Default Amount shall not relieve the defaulting Covered Entity of its obligation to pay such Default Amount. If and to the extent that a Default Amount which is paid through a draw on the Shortfall Funding Arrangement and/or through a withdrawal from the Payment Default Shortfall Fund, interest on such a Default Amount and/or late charges with respect to such a Default Amount are subsequently collected (including as a result of the use of a financial assurance under the ISO New England Financial Assurance Policy or through actions or proceedings against the Covered Entity), such amounts shall be paid to certain of the Covered Entities as set forth in Section 5.4 below.

- g) *Congestion Revenue Fund.* If during any billing period congestion payments exceed congestion charges under Manual 28 (hereinafter a “Congestion Shortfall”), such that there is a shortfall in the total settlement for that week due to congestion, the ISO will draw from the Congestion Revenue Fund established and funded under Manual 28 to make up for the shortfall. To the extent there are insufficient funds in the Congestion Revenue Fund to cover that Congestion Shortfall, the ISO will recover the uncovered Congestion Shortfall pursuant to the allocation process set forth in Manual 28, Section 6. The ISO will true-up amounts drawn for Congestion Shortfalls on a monthly basis and reflect that true-up in the Statements reflecting Non-Hourly Charges.
- h) *Reduction of Payments and Increases in Charges for Unsecured Municipal Market Participants*
- (i) If and to the extent that (A) the defaulting Covered Entity is a Municipal Market Participant (as defined in the ISO New England Financial Assurance Policy) with a Market Credit Limit or a Transmission Credit Limit of greater than \$0 under the ISO New England Financial Assurance Policy (an “Unsecured Municipal Market Participant”) and (B) the procedures described in clauses (b), (c), (d), (e), (f) and (g) above do not yield sufficient funds to pay all Remittance Advice amounts for ISO Charges in full (after payment of amounts due to the ISO, to NEPOOL for Participant Expenses, and to the NEPOOL GIS Administrator for amounts due to the NEPOOL GIS Administrator other than for NEPOOL GIS API Fees and after payment of any amounts due with respect to the Shortfall Funding Arrangement, in accordance with clause (a) above) on the date such Payments are due, the ISO shall reduce Payments to all Unsecured Municipal Market Participants owed monies for ISO Charges for the billing period to which the payment default relates (the “Default Period”), pro rata based on the ISO Charges owed to those Unsecured Municipal Market Participants, to the extent necessary to clear its accounts for ISO Charges due to Unsecured Municipal Market Participants by the close of banking business on the date such Payments are due; provided, however, that the total amount of reduced Payments under this

Section 3.3(h)(i) shall not exceed the defaulting Unsecured Municipal Market Participant's Market Credit Limit under the ISO New England Financial Assurance Policy (such total amount of reduced Payments being referred to as the "Unsecured Municipal Default Amount"). As funds attributable to an Unsecured Municipal Default Amount are received by the ISO (including amounts received through financial assurances provided under the ISO New England Financial Assurance Policy or through actions or proceedings commenced against the defaulting Covered Entity) prior to the next billing period's Statements being distributed, such funds, together with any interest and late charges collected on the applicable Unsecured Municipal Default Amount, shall be distributed pro rata to the Unsecured Municipal Market Participants that did not receive the full amount of their Payments as a result of such Unsecured Municipal Default Amount not being paid, up to the full amount that such Unsecured Municipal Market Participants did not receive as a result of such Unsecured Municipal Default Amount not being paid, with interest thereon.

- (ii) To the extent that any Unsecured Municipal Default Amount remains unpaid to Unsecured Municipal Market Participants on the date that Statements are distributed to Covered Entities in the billing period immediately following the Default Period, the Unsecured Municipal Default Amount remaining unpaid shall be reallocated among all of the Unsecured Municipal Market Participants receiving Statements for ISO charges for the Default Period (other than the Unsecured Municipal Market Participant defaulting on its payment obligations), pro rata based, for each Unsecured Municipal Market Participant being allocated a share of the Unsecured Municipal Default Amount remaining unpaid, on the sum of (i) all ISO Charges due from such Unsecured Municipal Market Participant that are reflected on its Statement for the Default Period and (ii) all Payments for ISO Charges due to such Unsecured Municipal Market Participant that are reflected on its Statement for the Default Period, without giving any effect to the process of netting Charges against Payments on each Statement that is the result of the ISO's single billing system. Thus, by way of example, an Unsecured Municipal Market Participant with \$2,000 of ISO Charges and no Payments on its Statement for the Default Period and an Unsecured Municipal

Market Participant with \$1,000 of Charges and \$1,000 of Payments for ISO Charges on its Statement for the Default Period would be allocated an equal share of the unpaid Unsecured Municipal Default Amount under this clause (h)(ii). Each Unsecured Municipal Market Participant that received a Statement for the Default Period shall have the amount of its Invoice or Remittance Advice in the billing period immediately following the Default Period adjusted as necessary to reflect its obligation for the Unsecured Municipal Default Amount remaining unpaid under this clause (h)(ii). As funds attributable to an Unsecured Municipal Default Amount are received by the ISO (including amounts received through financial assurances provided under the ISO New England Financial Assurance Policy or through actions or proceedings commenced against the defaulting Covered Entity) after such adjusted Statements are distributed, such funds, together with any interest and late charges collected on the applicable Unsecured Municipal Default Amount, shall be distributed to the Unsecured Municipal Market Participants pro rata based on their allocation of the Unsecured Municipal Default Amount under this clause (h)(ii), up to the full amount of such Unsecured Municipal Default Amount allocated to each such Unsecured Municipal Market Participant, with interest thereon.

- (iii) An Unsecured Municipal Market Participant will not be allocated any Unsecured Municipal Default Amounts under this Section 3.3(h) for any Default Period if, at the start of the calendar year in which the applicable Default Period occurred, that Unsecured Municipal Market Participant provided the ISO with a written request to opt out of that allocation of Unsecured Municipal Default Amounts and that Unsecured Municipal Market Participant provides the ISO with additional financial assurance in the full amount of all of its “Financial Assurance Obligations” under the ISO New England Financial Assurance Policy at all times during that calendar year.

- i) *Reduction of Payments and Increases in Charges for Unsecured Non-Municipal Covered Entities.*

- (i) If and to the extent that (A) the defaulting Covered Entity (x) is not a Municipal Market Participant or a Non-Market Participant Transmission Customer and (y)

has a Market Credit Limit or Transmission Credit Limit of greater than \$0 under the ISO New England Financial Assurance Policy (each such Covered Entity being referred to herein as an “Unsecured Non-Municipal Covered Entity”) and (B) the procedures described in clauses (b), (c), (d), (e), (f), and (g) above do not yield sufficient funds to pay all Remittance Advice amounts for ISO Charges in full (after payment of amounts due to the ISO, to NEPOOL for Participant Expenses, and to the NEPOOL GIS Administrator for amounts due to the NEPOOL GIS Administrator other than for NEPOOL GIS API Fees and after payment of any amounts due with respect to the Shortfall Funding Arrangement, in accordance with clause (a) above) on the date such Payments are due, the ISO shall reduce Payments to all Unsecured Non-Municipal Covered Entities owed monies for ISO Charges for the applicable Default Period, pro rata based on the ISO Charges owed to those Unsecured Non-Municipal Covered Entities, to the extent necessary to clear its accounts for ISO Charges due to Unsecured Non-Municipal Covered Entities by the close of banking business on the date such Payments are due; provided, however, that the total amount of reduced Payments under this Section 3.3(i)(i) shall not exceed the defaulting Unsecured Non-Municipal Covered Entity’s Market Credit Limit under the ISO New England Financial Assurance Policy (such total amount of reduced Payments being referred to as the “Unsecured Non-Municipal Default Amount”). As funds attributable to an Unsecured Non-Municipal Default Amount are received by the ISO (including amounts received through financial assurances provided under the ISO New England Financial Assurance Policy or through actions or proceedings commenced against the defaulting Covered Entity) prior to the next billing period’s Statements being distributed, such funds, together with any interest and late charges collected on the applicable Unsecured Non-Municipal Default Amount, shall be distributed pro rata to the Unsecured Non-Municipal Covered Entities that did not receive the full amount of their Payments as a result of such Unsecured Non-Municipal Default Amount not being paid, up to the full amount that such Unsecured Non-Municipal Covered Entities did not receive as a result of such Unsecured Non-Municipal Default Amount not being paid, with interest thereon.

- (ii) To the extent that any Unsecured Non-Municipal Default Amount remains unpaid to Unsecured Non-Municipal Covered Entities on the date that Statements are distributed to Covered Entities in the billing period immediately following the Default Period, the Unsecured Non-Municipal Default Amount remaining unpaid shall be reallocated among all of the Unsecured Non-Municipal Covered Entities receiving Statements for ISO Charges for the Default Period (other than the Unsecured Non-Municipal Covered Entity defaulting on its payment obligations), pro rata based, for each Unsecured Non-Municipal Covered Entity being allocated a share of the Unsecured Non-Municipal Default Amount remaining unpaid, on the sum of (i) all ISO Charges due from such Unsecured Non-Municipal Covered Entity that are reflected on its Statement for the Default Period and (ii) all Payments for ISO Charges due to such Unsecured Non-Municipal Covered Entity that are reflected on its Statement for the Default Period, without giving any effect to the process of netting Charges against Payments on each Statement that is the result of the ISO's single billing system. Thus, by way of example, an Unsecured Non-Municipal Covered Entity with \$2,000 of ISO Charges and no Payments on its Statement for the Default Period and an Unsecured Non-Municipal Covered Entity with \$1,000 of Charges and \$1,000 of Payments for ISO Charges on its Statement for the Default Period would be allocated an equal share of the unpaid Unsecured Non-Municipal Default Amount under this clause (i)(ii). Each Unsecured Non-Municipal Covered Entity that received a Statement for the Default Period shall have the amount of its Invoice or Remittance Advice in the billing period immediately following the Default Period adjusted as necessary to reflect its obligation for the Unsecured Non-Municipal Default Amount remaining unpaid under this clause (i)(ii). As funds attributable to an Unsecured Non-Municipal Default Amount are received by the ISO (including amounts received through financial assurances provided under the ISO New England Financial Assurance Policy or through actions or proceedings commenced against the defaulting Covered Entity) after such adjusted Statements are distributed, such funds, together with any interest and late charges collected on the applicable Unsecured Non-Municipal Default Amount, shall be distributed to the Unsecured Non-Municipal Covered Entities

pro rata based on their allocation of the Unsecured Non-Municipal Default Amount under this clause (i)(ii), up to the full amount of such Unsecured Non-Municipal Default Amount allocated to each such Unsecured Non-Municipal Covered Entity, with interest thereon.

- (iii) An Unsecured Non-Municipal Covered Entity will not be allocated any Unsecured Non-Municipal Default Amounts under this Section 3.3(i) for any Default Period if, at the start of the calendar year in which the applicable Default Period occurred, that Unsecured Non-Municipal Covered Entity provided the ISO with a written request to opt out of that allocation of Unsecured Non-Municipal Default Amounts and that Unsecured Non-Municipal Covered Entity provides the ISO with additional financial assurance in the full amount of all of its “Financial Assurance Obligations” under the ISO New England Financial Assurance Policy at all times during that calendar year.

- j) *Reduction of Payments and Increase in Charges for Other Covered Entities.*
- (i) If and to the extent that (A) the defaulting Covered Entity is not an Unsecured Municipal Market Participant or an Unsecured Non-Municipal Covered Entity (referred to together herein as an “Unsecured Covered Entity”) or the Default Amount exceeds the Unsecured Municipal Default Amount or the Unsecured Non-Municipal Default Amount (referred to together herein as the “Unsecured Default Amount”) for that Covered Entity and (B) the procedures described in clauses (b), (c), (d), (e), (f), (g), and (h) or (i) (if applicable) above do not yield sufficient funds to pay all Remittance Advice amounts for ISO Charges in full (after payment of amounts due to the ISO, to NEPOOL for Participant Expenses, and to the NEPOOL GIS Administrator for amounts due to the NEPOOL GIS Administrator other than for NEPOOL GIS API Fees and after payment of any amounts due with respect to the Shortfall Funding Arrangement, in accordance with clause (a) above) on the date such Payments are due, the ISO shall reduce Payments to those Covered Entities owed monies for ISO Charges for that Default Period, pro rata based on the amounts owed to all Covered Entities, to the extent necessary to clear its accounts for ISO Charges by the close of banking business on the date such Payments are due (after giving effect to clause (h) or (i)

above if applicable) (the amount of such reduction in Payments for ISO Charges after giving effect to clause (h) or (i) above (if applicable) is referred to herein as the “Uncovered Default Amount”). For the avoidance of doubt, the Uncovered Default Amount is equal to the Default Amount minus any Unsecured Default Amount. As funds attributable to an Uncovered Default Amount are received by the ISO (including amounts received through financial assurances provided under the ISO New England Financial Assurance Policy or through actions or proceedings commenced against the defaulting Covered Entity) prior to the next billing period’s Statements being distributed, such funds, together with any interest and late charges collected on the applicable Default Amount, shall be distributed pro rata to the Covered Entities that did not receive the full amount of their Payments as a result of such Uncovered Default Amount not being paid, up to the full amount that such Covered Entities did not receive as a result of such Uncovered Default Amount not being paid, with interest thereon.

- (ii) To the extent that any amount of an Uncovered Default Amount remains unpaid to Covered Entities on the date that Statements are distributed to Covered Entities in the billing period immediately following the Default Period, the Uncovered Default Amount remaining unpaid shall be reallocated among all of the Covered Entities receiving Statements for ISO Charges for the Default Period (other than the Covered Entity defaulting on its payment obligations), pro rata based, for each Covered Entity being allocated a share of the Uncovered Default Amount remaining unpaid, on the sum of (i) all ISO Charges due from such Covered Entity that are reflected on its Statement for the Default Period and (ii) all Payments for ISO Charges due to such Covered Entity that are reflected on its Statement for the Default Period, without giving any effect to the process of netting Charges against Payments on each Statement that is the result of the ISO’s single billing system. Thus, by way of example, a Covered Entity with \$2,000 of ISO Charges and no Payments on its Statement for the Default Period and a Covered Entity with \$1,000 of ISO Charges and \$1,000 of Payments for ISO Charges on its Statement for the Default Period would be allocated an equal share of the unpaid Uncovered Default Amount under this clause (j)(ii). Each Covered Entity that received a Statement for the Default Period shall have the

amount of its Invoice or Remittance Advice in the billing period immediately following the Default Period adjusted as necessary to reflect its obligation for the Uncovered Default Amount remaining unpaid under this clause (j)(ii). As funds attributable to an Uncovered Default Amount are received by the ISO (including amounts received through financial assurance provided under the ISO New England Financial Assurance Policy or through actions or proceedings commenced against the defaulting Covered Entity) after such adjusted Statements are distributed, such funds, together with any interest and late charges collected on the applicable Uncovered Default Amount, shall be distributed to the Covered Entities pro rata based on their allocation of the Uncovered Default Amount under this clause (j) (ii), up to the full amount of such Uncovered Default Amount allocated to each such Covered Entity, with interest thereon.

- k) *Order of Settlement.* As amounts on Default Amounts are received by the ISO, the oldest outstanding ISO Charges will be settled first in the order of the creation of such debts.

- l) Notwithstanding the other provisions of this Section 3.3, an unpaid amount shall not be considered a “Default Amount,” and the ISO will not take any of the actions described in the suspension provisions of the ISO New England Financial Assurance Policy or in this Section 3.3 with respect to that unpaid amount, if the total unpaid amount is attributable to Qualification Process Cost Reimbursement Deposits (including any annual true-up of those amounts) and/or NEPOOL GIS API Fees. To the extent that a Covered Entity or a NEPOOL Participant pays only a part of an Invoice that includes a Charge for a Qualification Process Cost Reimbursement Deposit and/or a Charge for NEPOOL GIS API Fees, the unpaid amount shall first be allocated to the unpaid NEPOOL GIS API Fees, and then to that Qualification Process Cost Reimbursement Deposit, and other Charges on that Invoice will only be considered not to have been paid if the unpaid amount exceeds the amount of the Qualification Process Cost Reimbursement Deposit and any unpaid NEPOOL GIS API Fees. The sole consequence of a Covered Entity’s or a NEPOOL Participant’s failure to pay NEPOOL GIS API Fees, after

application of any set-off rights against the Covered Entity or NEPOOL Participant and any financial assurance provided by that Covered Entity or NEPOOL Participant, shall be denial to that Covered Entity or NEPOOL Participant of access to any application programming interface pursuant to Rule 3.9(b) of the operating rules of the NEPOOL GIS.

Section 3.4 – Payment Default for Transmission Charges. If the ISO, in its reasonable opinion, believes that all or any part of any amount of Transmission Charges due to be paid to the ISO by any Covered Entity will not or has not been paid when due (the “Transmission Default Amount”), then the following procedures shall apply:

- a) *Use of Set-Offs*. The ISO shall use any and all rights of set-off it has under the Governing Documents, including the ISO New England Financial Assurance Policy and the ISO New England Billing Policy, against a defaulting Covered Entity with respect to Transmission Charges due to that Covered Entity to the extent necessary to pay the Default Amount, together with any interest accrued thereon and any late charges assessed under the Governing Documents, including the ISO New England Financial Assurance Policy, due from such Covered Entity.

- b) *Enforcing the Security of a Defaulting Party*. If and to the extent that the procedure described in clause (a) above is insufficient to effect payment of the Transmission Default Amount and all interest accrued thereon and late charges assessed under the Governing Documents, including the ISO New England Financial Assurance Policy, the ISO shall use the financial assurance(s) provided by the defaulting Covered Entity under the ISO New England Financial Assurance Policy to the extent necessary to pay the Transmission Default Amount and such interest and late charges. Any use of financial assurance(s) shall be undertaken in compliance with the ISO New England Financial Assurance Policy.

- c) *Action Against a Defaulting Party.* If and to the extent that the procedures described in clauses (a) and (b) above are insufficient to effect payment of the Transmission Default Amount and all interest accrued thereon and late charges assessed under the Governing Documents, including the ISO New England Financial Assurance Policy, the ISO shall take appropriate actions to recover the Transmission Default Amount and such accrued interest and late charges, which actions may include, without limitation, initiating proceedings in accordance with the appropriate dispute resolution mechanisms or actions with Covered Entities or before the Commission or a court of competent jurisdiction against the defaulting Covered Entity. Before initiating any such proceedings, the ISO shall consult with the Chair of the NEPOOL Budget and Finance Subcommittee or NEPOOL counsel. Any amounts incurred by the ISO or any Market Participant in connection with any such action or proceeding shall be paid by the defaulting Covered Entity.
- d) *Transmission Late Payment Account.* If and to the extent that the procedures described in clauses (a), (b) and (c) above are insufficient to effect payment of the Transmission Default Amount (but not interest accrued thereon and late charges assessed under the Governing Documents, including the ISO New England Financial Assurance Policy) by the time the corresponding Payment to the Covered Entities is due, the ISO shall withdraw from the Transmission Late Payment Account, as that term is defined in Section 4 of the ISO New England Billing Policy, an amount equal to such unpaid Transmission Default Amount, to the extent that such amount is available in the Transmission Late Payment Account, and shall apply such amount to any shortfall in Payments resulting from the Transmission Default Amount not being paid. To the extent that the amount on deposit in the Transmission Late Payment Account on any date is insufficient to pay all Unsecured Transmission Default Amounts and Uncovered Transmission Default Amounts (each as defined below) on that date, the amount in the Transmission Late Payment Account shall first be applied to Uncovered Transmission Default Amounts on that date and, once cash has been applied to all Uncovered Transmission Default Amounts, then such amount shall be

applied to Unsecured Transmission Default Amounts on that date, in each case pro rata based on the total Uncovered Transmission Default Amounts or total Unsecured Transmission Default Amounts outstanding. Amounts withdrawn from the Transmission Late Payment Account and applied toward any shortfall resulting from the Transmission Default Amount shall not relieve the defaulting Covered Entity of its obligation to pay such Transmission Default Amount. If and to the extent that such Transmission Default Amount, interest thereon and/or late charges with respect thereto are subsequently collected (including as a result of the use of a financial assurance under the ISO New England Financial Assurance Policy or through actions or proceedings against the defaulting Covered Entity), such amounts shall first be used to pay Covered Entities for the amount of such Transmission Default Amount allocated to them under clause (f), (g) and (h) below, with interest thereon, and then, after all such amounts have been paid to Covered Entities, such Transmission Default Amount, interest and/or late charges shall be deposited into the Transmission Late Payment Account in accordance with Section 4 of the ISO New England Billing Policy.

- e) *Payment Default Shortfall Fund* To the extent that the procedures described in clauses (a), (b), (c) and (d) above are insufficient to effect payment of the Transmission Default Amount (but not interest accrued thereon and late charges assessed under the Governing Documents, including the ISO New England Financial Assurance Policy), the ISO will draw on the Shortfall Funding Arrangement to the extent the Shortfall Funding Arrangement is available at the time, and to the extent the Shortfall Funding Arrangement is not available at the time, the ISO will withdraw from the Payment Default Shortfall Fund, an amount equal to such unpaid Transmission Default Amount and shall apply such amount to the shortfall in Payments resulting from the Transmission Default Amount not being paid. To the extent that the amount on deposit in the Payment Default Shortfall Fund on any date is insufficient to pay all Unsecured Default Amounts, Uncovered Default Amounts, Unsecured Transmission Default Amounts and Uncovered Transmission Default Amounts (each as defined herein) on that date (after applying all amounts in the Late Payment Account for defaults on ISO

Charges and all amounts in the Transmission Late Payment Account for defaults on Transmission Charges on that date), the amount in the Payment Default Shortfall Fund on that date shall first be applied to Uncovered Default Amounts on that date and, once cash has been applied to all Uncovered Default Amounts, then such amount shall be applied to Unsecured Default Amounts on that date and, once cash has been applied to all Uncovered Default Amounts and all Unsecured Default Amounts, then such amount shall be applied to Uncovered Transmission Default Amounts on that date and, once cash has been applied to all Uncovered Default Amounts, Unsecured Default Amounts and Uncovered Transmission Default Amounts, then such amount shall be applied to Unsecured Transmission Default Amounts on that date, in each case pro rata based on the total Uncovered Default Amounts, total Unsecured Default Amounts, total Uncovered Transmission Default Amounts or total Unsecured Transmission Default Amounts outstanding. Amounts drawn on the Shortfall Funding Arrangement and/or withdrawn from the Payment Default Shortfall Fund and applied to any shortfall resulting from the Transmission Default Amount shall not relieve the defaulting Covered Entity of its obligation to pay such Transmission Default Amount. If and to the extent that a Transmission Default Amount which is paid through a draw on the Shortfall Funding Arrangement and/or through a withdrawal from the Payment Default Shortfall Fund, interest on such a Transmission Default Amount and/or late charges with respect to such a Transmission Default Amount are subsequently collected (including as a result of the use of a financial assurance under the ISO New England Financial Assurance Policy or through actions or proceedings against the Covered Entity), such amounts shall be paid to certain of the Covered Entities as set forth in Section 5.4 below.

- f) Reduction of Payments and Increases in Transmission Charges for Unsecured Municipal Market Participants.*
- (i) If and to the extent that (A) the defaulting Covered Entity is an Unsecured Municipal Market Participant and (B) the procedures described in clauses (a), (b), (c), (d), and (e) above do not yield sufficient funds to pay all Remittance

Advice amounts for Transmission Charges in full on the date such Payments are due, the ISO shall reduce Payments to all Unsecured Municipal Market Participants owed monies for Transmission Charges for that billing period (the “Transmission Default Period”), pro rata based on the Transmission Charges owed to those Unsecured Municipal Market Participants, to the extent necessary to clear its accounts for Transmission Charges due to Unsecured Municipal Market Participants by the close of banking business on the date such Payments are due; provided, however, that the total amount of reduced Payments under this Section 3.4(f) shall not exceed the defaulting Unsecured Municipal Market Participant’s Transmission Credit Limit under the ISO New England Financial Assurance Policy (such total amount of reduced Payments being referred to as the “Unsecured Municipal Transmission Default Amount”). As funds attributable to an Unsecured Municipal Transmission Default Amount are received by the ISO (including amounts received through financial assurances provided under the ISO New England Financial Assurance Policy or through actions or proceedings commenced against the defaulting Covered Entity) prior to the next billing period’s Transmission Statements being distributed, such funds, together with any interest and late charges collected on the applicable Unsecured Transmission Default Amount, shall be distributed pro rata to the Unsecured Municipal Market Participants that did not receive the full amount of their Payments as a result of such Unsecured Municipal Transmission Default Amount not being paid, up to the full amount that such Unsecured Municipal Market Participants did not receive as a result of such Unsecured Municipal Transmission Default Amount not being paid, with interest thereon.

- (ii) To the extent that any Unsecured Municipal Transmission Default Amount remains unpaid to Unsecured Municipal Market Participants on the date that Transmission Statements are distributed to Covered Entities in the billing period immediately following the Transmission Default Period, the Unsecured Municipal Transmission Default Amount remaining unpaid shall be reallocated among all of the Unsecured Municipal Market Participants receiving Transmission Statements for Transmission Charges for the Transmission Default Period (other than the Unsecured Municipal Market Participant defaulting on its

payment obligations), pro rata based, for each Unsecured Municipal Market Participant being allocated a share of the Unsecured Municipal Transmission Default Amount remaining unpaid, on the sum of (i) all Transmission Charges due from such Unsecured Municipal Market Participant that are reflected on its Transmission Statement for the Transmission Default Period and (ii) all Payments for Transmission Charges due to such Unsecured Municipal Market participant that are reflected on its Transmission Statement for the Transmission Default Period, without giving any effect to the process of netting Charges against Payments on each Transmission Statement that is the result of the ISO's single billing system. Thus, by way of example, an Unsecured Municipal Market Participant with \$2,000 of Transmission Charges and no Payments on its Transmission Statement for the Transmission Default Period and an Unsecured Municipal Market Participant with \$1,000 of Transmission Charges and \$1,000 of Payments for Transmission Charges on its Transmission Statement for the Transmission Default Period would be allocated an equal share of the unpaid Unsecured Municipal Transmission Default Amount under this clause (f)(ii). Each Unsecured Municipal Market Participant that received a Transmission Statement for the Transmission Default Period shall have the amount of its Invoice or Remittance Advice in the billing period immediately following the Transmission Default Period adjusted as necessary to reflect its obligation for the Unsecured Municipal Transmission Default Amount remaining unpaid under this clause (f)(ii). As funds attributable to an Unsecured Municipal Transmission Default Amount are received by the ISO (including amounts received through financial assurances provided under the ISO New England Financial Assurance Policy or through actions or proceedings commenced against the defaulting Covered Entity) after such adjusted Transmission Statements are distributed, such funds, together with any interest and late charges collected on the applicable Unsecured Municipal Transmission Default Amount, shall be distributed to the Unsecured Municipal Market Participants pro rata based on their allocation of the Unsecured Municipal Transmission Default Amount under this clause (f)(ii), up to the full amount of such Unsecured Municipal Transmission Default Amount

allocated to each such Unsecured Municipal Market Participant, with interest thereon.

- (iii) An Unsecured Municipal Market Participant will not be allocated any Unsecured Municipal Transmission Default Amounts under this Section 3.4(f) for any Transmission Default Period if, at the start of the calendar year in which the applicable Transmission Default Period occurred, that Unsecured Municipal Market Participant provided the ISO with a written request to opt out of that allocation of Unsecured Municipal Transmission Default Amounts and that Unsecured Municipal Market Participant provides the ISO with additional financial assurance in the full amount of all of its “Transmission Obligations” under the ISO New England Financial Assurance Policy at all times during that calendar year.

- g) *Reduction of Payments and Increases in Transmission Charges for Unsecured Non-Municipal Covered Entities.*
- (i) If and to the extent that (A) the defaulting Covered Entity is an Unsecured Non-Municipal Covered Entity and (B) the procedures described in clauses (a), (b), (c), (d), and (e) above do not yield sufficient funds to pay all Remittance Advice amounts for Transmission Charges in full on the date such Payments are due, the ISO shall reduce Payments to all Unsecured Non-Municipal Covered Entities owed monies for the applicable Transmission Default Period, pro rata based on the Transmission Charges owed to those Unsecured Non-Municipal Covered Entities, to the extent necessary to clear its accounts for Transmission Charges due to Unsecured Non-Municipal Covered Entities by the close of banking business on the date such Payments are due; provided, however, that the total amount of reduced Payments under this Section 3.4(g) shall not exceed the defaulting Unsecured Non-Municipal Covered Entity’s Transmission Credit Limit under the ISO New England Financial Assurance Policy (such total amount of reduced Payments being referred to as the “Unsecured Non-Municipal Transmission Default Amount”). As funds attributable to an Unsecured Non-Municipal Transmission Default Amount are received by the ISO (including amounts received through financial assurances provided under the ISO New

England Financial Assurance Policy or through actions or proceedings commenced against the defaulting Covered Entity) prior to the next billing period's Transmission Statements being distributed, such funds, together with any interest and late charges collected on the applicable Unsecured Non-Municipal Transmission Default Amount, shall be distributed pro rata to the Unsecured Non-Municipal Covered Entities that did not receive the full amount of their Payments as a result of such Unsecured Non-Municipal Transmission Default Amount not being paid, up to the full amount that such Unsecured Non-Municipal Covered Entities did not receive as a result of such Unsecured Non-Municipal Transmission Default Amount not being paid, with interest thereon.

- (ii) To the extent that any Unsecured Non-Municipal Transmission Default Amount remains unpaid to Unsecured Non-Municipal Covered Entities on the date that Transmission Statements are distributed to Covered Entities in the billing period immediately following the Transmission Default Period, the Unsecured Non-Municipal Transmission Default Amount remaining unpaid shall be reallocated among all of the Unsecured Non-Municipal Covered Entities receiving Transmission Statements for Transmission Charges for the Transmission Default Period (other than the Unsecured Non-Municipal Covered Entity defaulting on its payment obligations), pro rata based, for each Unsecured Non-Municipal Covered Entity being allocated a share of the Unsecured Non-Municipal Transmission Default Amount remaining unpaid, on the sum of (i) all Transmission Charges due from such Unsecured Non-Municipal Covered Entity that are reflected on its Transmission Statement for the Transmission Default Period and (ii) all Payments for Transmission Charges due to such Unsecured Non-Municipal Covered Entity that are reflected on its Transmission Statement for the Transmission Default Period, without giving any effect to the process of netting Charges against Payments on each Transmission Statement that is the result of the ISO's single billing system. Thus, by way of example, an Unsecured Non-Municipal Covered Entity with \$2,000 of Transmission Charges and no Payments on its Transmission Statement for the Transmission Default Period and an Unsecured Non-Municipal Covered Entity with \$1,000 of Transmission Charges and \$1,000 of Payments for Transmission Charges on its

Transmission Statement for the Transmission Default Period would be allocated an equal share of the unpaid Unsecured Non-Municipal Transmission Default Amount under this clause (g)(ii). Each Unsecured Non-Municipal Covered Entity that received a Transmission Statement for the Transmission Default Period shall have the amount of its Invoice or Remittance Advice in the billing period immediately following the Transmission Default Period adjusted as necessary to reflect its obligation for the Unsecured Non-Municipal Transmission Default Amount remaining unpaid under this clause (g)(ii). As funds attributable to an Unsecured Non-Municipal Transmission Default Amount are received by the ISO (including amounts received through financial assurances provided under the ISO New England Financial Assurance Policy or through actions or proceedings commenced against the defaulting Covered Entity) after such adjusted Transmission Statements are distributed, such funds, together with any interest and late charges collected on the applicable Unsecured Non-Municipal Transmission Default Amount, shall be distributed to the Unsecured Non-Municipal Covered Entities pro rata based on their allocation of the Unsecured Non-Municipal Transmission Default Amount under this clause (g)(ii), up to the full amount of such Unsecured Non-Municipal Transmission Default Amount allocated to each such Unsecured Non-Municipal Covered Entity, with interest thereon.

- (iii) An Unsecured Non-Municipal Covered Entity will not be allocated any Unsecured Non-Municipal Transmission Default Amounts under this Section 3.4(g) for any Transmission Default Period if, at the start of the calendar year in which the applicable Transmission Default Period occurred, that Unsecured Non-Municipal Covered Entity provided the ISO with a written request to opt out of that allocation of Unsecured Non-Municipal Transmission Default Amounts and that Unsecured Non-Municipal Covered Entity provides the ISO with additional financial assurance in the full amount of all of its “Transmission Obligations” under the ISO New England Financial Assurance Policy all times during that calendar year.

- h) Reduction of Payments and Increases in Transmission Charges for Other Covered Entities.*
- (i) If and to the extent that (A) the defaulting Covered Entity is not an Unsecured Covered Entity or the Transmission Default Amount for that Covered Entity exceeds the Unsecured Municipal Transmission Default Amount or the Unsecured Non-Municipal Transmission Default Amount (referred to together herein as the “Unsecured Transmission Default Amount”) for that Covered Entity and (B) the procedures described in clauses (a), (b), (c), (d), (e) and (f) or (g) (if applicable) above do not yield sufficient funds to pay all Remittance Advice amounts for Transmission Charges in full on the date such Payments are due, the ISO shall reduce Payments to those Covered Entities owed monies for Transmission Charges for that Transmission Default Period, pro rata based on the amounts owed to all Covered Entities, to the extent necessary to clear its accounts for Transmission Charges by the close of banking business on the date such Payments are due (after giving effect to clauses (f) and (g) above if applicable) (the amount of such reduction in Payments for Transmission Charges after giving effect to clauses (f) and (g) above (if applicable) is referred to herein as the “Uncovered Transmission Default Amount”). For the avoidance of doubt, the Uncovered Transmission Default Amount is equal to the Transmission Default Amount minus any Unsecured Transmission Default Amount. As funds attributable to an Uncovered Transmission Default Amount are received by the ISO (including amounts received through financial assurance provided under the ISO New England Financial Assurance Policy or through actions or proceedings commenced against the defaulting Covered Entity) prior to the next billing period’s Transmission Statements being distributed, such funds, together with any interest and late charges collected on the applicable Transmission Default Amount, shall be distributed pro rata to the Covered Entities that did not receive the full amount of their Payments as a result of such Uncovered Transmission Default Amount not being paid, up to the full amount that such Covered Entities did not receive as a result of such Uncovered Transmission Default Amount not being paid, with interest thereon.

(ii) To the extent that any amount of an Uncovered Transmission Default Amount remains unpaid to Covered Entities on the date that Transmission Statements are distributed to Covered Entities in the billing period immediately following the Transmission Default Period, the Uncovered Transmission Default Amount remaining unpaid shall be reallocated among all the Covered Entities receiving Transmission Statements for Transmission Charges for the Transmission Default Period (other than the Covered Entity defaulting on its payment obligations), pro rata based, for each Covered Entity being allocated a share of the Uncovered Transmission Default Amount remaining unpaid, on the sum of (i) all Transmission Charges due from such Covered Entity that are reflected on its Transmission Statement for the Transmission Default Period and (ii) all Payments due to such Covered Entity that are reflected on its Transmission Statement for the Transmission Default Period, without giving any effect to the process of netting Charges against Payments on each Transmission Statement that is the result of the ISO's single billing system. Thus, by way of example, a Covered Entity with \$2,000 of Transmission Charges and no Payments on its Transmission Statement for the Transmission Default Period and a Covered Entity with \$1,000 of Transmission Charges and \$1,000 of Payments on its Transmission Statement for the Transmission Default Period would be allocated an equal share of the unpaid Uncovered Transmission Default Amount under this clause (h)(ii). Each Covered Entity that received a Transmission Statement for the Default Period shall have the amount of its Invoice or Remittance Advice in the billing period immediately following the Transmission Default Period adjusted as necessary to reflect its obligation for the Uncovered Transmission Default Amount remaining unpaid under this clause (h)(ii). As funds attributable to an Uncovered Transmission Default Amount are received by the ISO (including amounts received through financial assurances provided under the ISO New England Financial Assurance Policy or through actions or proceedings commenced against the defaulting Covered Entity) after such adjusted Transmission Statements are distributed, such funds, together with any interest and late charges collected on the applicable Uncovered Transmission Default Amount, shall be distributed to the Covered Entities pro rata based on their

allocation of the Uncovered Transmission Default Amount under this clause (h)(ii), up to the full amount of such Uncovered Transmission Default Amount allocated to each such Covered Entity, with interest thereon.

i) Order of Settlement.

As amounts on Transmission Default Amounts are received by the ISO, the oldest outstanding Transmission Charges will be settled first in the order of the creation of such debts.

Section 3.5 -Enforcement of Payment Obligations Against Defaulting Covered Entities. Each Covered Entity that shared in any shortfall in payments under Section 3.3 or Section 3.4 shall have an independent right to seek and obtain payment and recovery of the amount of its share of such shortfall (the “Allocated Assessment”) from the defaulting Covered Entity. Each Covered Entity consents to other Covered Entities’ having this independent right. Any Covered Entity that recovers any portion of its Allocated Assessment from a defaulting Covered Entity shall promptly so notify the ISO, and such Covered Entity’s share of any recovery of a shortfall in payments hereunder shall be reduced by the amount of its Allocated Assessment that it recovers on its own. In addition to any amounts in default, the defaulting Covered Entity shall be liable to the ISO and each other Covered Entity for all reasonable costs incurred in enforcing the defaulting Covered Entity’s obligations.

Section 3.6 – Set-Off. The ISO shall apply any amount to which any defaulting Covered Entity is or will be entitled for ISO Charges or Transmission Charges toward the satisfaction of any of that defaulting Covered Entity’s debts to NEPOOL or to the ISO for ISO Charges or Transmission Charges which are incurred under the Governing Documents, including the ISO New England Financial Assurance Policy; provided that amounts due for ISO Charges will first be applied to ISO Charges then, to the extent of any excess, to Transmission Charges, and amounts due for Transmission Charges will be first applied to Transmission Charges then, to the extent of any excess, to ISO Charges.

Section 3.7 – Notice and Suspension. Without limiting any of the other remedies described above, in the event that the ISO, in its reasonable opinion, believes that all or any part of any

amount due to be paid by any Covered Entity for ISO Charges (other than NEPOOL GIS API Fees) or Transmission Charges will not be or has not been paid when due, the ISO (on its own behalf or on behalf of the Covered Entities) may (but shall not be required to) notify such Covered Entity in writing, electronically and by first class mail sent in each case to such Covered Entity's billing contact, of such payment default. If a payment default (other than a payment default relating solely to NEPOOL GIS API Fees) is not cured by 10:00 a.m. Eastern Time on the Business Day immediately following the Business Day when such payment was originally due, the ISO shall notify such Market Participant, the NEPOOL Budget and Finance Subcommittee, all members and alternates of the Participants Committee, the New England governors and utility regulatory agencies and the credit and billing contacts for all Market Participants of (i) the identity of the Covered Entity receiving such notice, (ii) whether such notice relates to a payment default, (iii) whether the defaulting Covered Entity has a registered load asset, and (iv) the actions the ISO plans to take and/or has taken in response to such payment default. In addition, the ISO will provide any additional information with respect to such payment default as may be required under the ISO New England Information Policy. If a payment default (other than a payment default relating solely to NEPOOL GIS API Fees) is not cured by 8:30 a.m., Eastern Time, of the second Business Day after the date when such payment was originally due, the defaulting Covered Entity shall be suspended pursuant to the suspension provisions of the ISO New England Financial Assurance Policy (which will apply to the defaulting Covered Entity regardless of whether it is a "Municipal Market Participant" or a "Non-Municipal Market Participant" under the ISO New England Financial Assurance Policy). Such defaulting Covered Entity shall be suspended as described in the ISO New England Financial Assurance Policy until such payment default has been cured in full. If the ISO has issued a notice that a Covered Entity has defaulted on a payment obligation and that Covered Entity subsequently cures that payment default, such Covered Entity may request the ISO to issue a notice stating such fact; provided, however, that the ISO shall not be required to issue that notice unless, in its sole discretion, the ISO determines that such payment default has been cured and such Covered Entity has no other outstanding payment defaults.

If either (x) a Covered Entity is suspended from the New England Markets as a result of a payment default as described in this Section 3.7 as a result of a payment default involving ISO Charges or (y) a Covered Entity receives more than five notices of payment defaults with respect

to ISO Charges in any rolling 12-month period, then such Covered Entity shall pay a \$1,000 penalty for such suspension and for each notice after the fifth notice in a rolling 12-month period. All penalties paid under this paragraph shall be deposited in the Late Payment Account.

Section 3.8– Bankruptcy Filings. In the event any Covered Entity files a voluntary or involuntary petition in bankruptcy or commences a proceeding under the United States Bankruptcy Code or any other applicable law concerning insolvency, reorganization or bankruptcy by or against such Covered Entity as debtor (the “Bankruptcy Event”) and the ISO is required to return any payments made by such Covered Entity to the bankruptcy court having jurisdiction over such Bankruptcy Event, the ISO may avail itself of any emergency funding provisions in the Transmission, Markets and Services Tariff to collect the amounts returned by the ISO.

Section 3.9 – Partial Payments of Combined Invoices. If ISO Charges and Transmission Charges are included on the same Invoice and the Covered Entity pays only a portion of the Charges included in that Invoice, then the ISO shall use monies received by it from that Covered Entity (i) first to pay all amounts due from that Covered Entity to the ISO under Section IV of the Transmission, Markets and Services Tariff, to NEPOOL for Participant Expenses, and to the ISO for acting as Project Manager for the NEPOOL GIS before making any payments to any Covered Entities, then (ii) then to pay all amounts due for that Covered Entity’s share, if any, of the amounts due to the NEPOOL GIS Administrator (other than NEPOOL GIS API Fees), (iii) then to pay all amounts due from that Covered Entity with respect to the Shortfall Funding Arrangement, and (iv) then, to the extent of any remaining amounts received from that Covered Entity, those amounts will be allocated to the ISO Charges and Transmission Charges on that Invoice pro rata based on the total amount of each set of Charges on that Invoice, subject to Section 3.3(l) with respect to Charges for Qualification Process Cost Reimbursement Deposits and/or Charges for NEPOOL GIS API Fees. Notwithstanding the foregoing, a partial payment of any Invoice shall be a payment default.

3.10 – Sharing of Financial Assurance. If the financial assurance(s) provided by a Covered Entity under the ISO New England Financial Assurance Policy are insufficient to effect payment of all ISO Charges and Transmission Charges that are due on the same date and which have not been

paid by that Covered Entity, the ISO shall allocate the amounts available under those financial assurance(s) as follows:

- i. first to pay all amounts due from that Covered Entity to the ISO under Section IV of the Transmission, Markets and Services Tariff, to NEPOOL for Participant Expenses, and to the ISO for acting as Project Manager of the NEPOOL GIS;
- ii. second, to pay all amounts due for that Covered Entity's share, if any, of the amounts due to the NEPOOL GIS Administrator (other than NEPOOL GIS API Fees);
- iii. third, to pay all amounts due from that Covered Entity with respect to the Shortfall Funding Arrangement;
- iv. fourth, to the Covered Entity's Charges for FTR transactions, up to the FTR Financial Assurance Requirements calculated for that Covered Entity by the ISO on the last day of the billing period for which the payment default has occurred; and
- v. fifth, to the remaining unpaid ISO Charges and the unpaid Transmission Charges owed by that Covered Entity pro rata based on the total amount of each set of Charges due, subject to Section 3.3(l) with respect to Charges for Qualification Process Cost Reimbursement Deposits and/or Charges for NEPOOL GIS API Fees.

Section 3.11 – Allocation of Payment Defaults to Other Groups. In some cases, the Default Amount or the Transmission Default Amount may exceed the amounts owed to the specified Covered Entities that are to receive less than the full Payments due to them pursuant to Section 3.3(h)(i), Section 3.3(i)(i), Section 3.4(f)(i) or Section 3.4(g)(i). In such an event, the ISO will reduce the Payments due to Covered Entities pursuant to Section 3.3(j)(i) (for ISO Charges) or Section 3.4(h)(i) (for Transmission Charges) to the extent necessary for the ISO to clear its accounts for ISO Charges or Transmission Charges by the close of banking business on the date

the applicable Payments are due. Any amount allocated to Covered Entities under the preceding sentence will be invoiced to and collected from the appropriate Covered Entities under Section 3.3(h)(ii), Section 3.3(i)(ii), Section 3.4(f)(ii) or Section 3.4(g)(ii) in the billing period immediately following the billing period in which that allocation occurred.

Section 3.12 – Other Rights Against Defaulting Parties. Nothing set forth in the ISO New England Billing Policy shall nullify, restrict or otherwise limit the rights and remedies of the ISO, NEPOOL and the Covered Entities against a defaulting Covered Entity that are set forth in the Governing Documents, including the ISO New England Financial Assurance Policy or otherwise, including without limitation any late payment charges or rights to terminate or limit trading rights of the defaulting Covered Entity, to the extent such rights and remedies otherwise exist.

SECTION 4 – LATE PAYMENT CHARGE; LATE PAYMENT ACCOUNT

Section 4.1 -Late Payment Charge.

- (a) If a Covered Entity is delinquent two or more times within any period of 12 months in paying on time its ISO Charges, such Covered Entity shall pay, in addition to interest on each such late payment, a late payment charge for its second failure to pay on time, and for each subsequent failure to pay on time within the same 12-month period (a “Late Payment Charge”) in an amount equal to the greater of (i) two percent (2%) of the total amount of such late payment or (ii) \$500.00. In the case of a former Market Participant that applies again for membership in the ISO, a determination of delinquency shall be based on the Market Participant’s history of payment of its ISO Charges in its last 12 months of membership.
- (b) If a Covered Entity is delinquent two or more times within any period of 12 months in paying on time its Transmission Charges, such Covered Entity shall pay, in addition to interest on each such late payment, a late payment charge for its second failure to pay on time, and for each subsequent failure to pay on time within the same 12-month period (a “Transmission Late Payment Charge”) in an

amount equal to the greater of (i) two percent (2%) of the total amount of such late payment or (ii) \$500.00. In the case of a former Market Participant that applies again for membership in the ISO, a determination of delinquency shall be based on the Market Participant's history of payment of its Transmission Charges in its last 12 months of membership.

Section 4.2 -Late Payment Account; Transmission Late Payment Account.

- (a) Interest collected on late payments of ISO Charges shall be allocated and paid to the Covered Entities to whom such late payments are due, pro rata in accordance with the amount due to each such Covered Entity. Late Payment Charges that are collected and not distributed to the Covered Entities under the ISO New England Billing Policy and penalties collected under the ISO New England Financial Assurance Policy shall be deposited by the ISO into a segregated interest-bearing account (the "Late Payment Account") for disbursement in accordance with Section 3.3 of the ISO New England Billing Policy; provided, however, that in no event shall the amount in the Late Payment Account, including interest accrued thereon, at any time exceed \$1,000,000 or other amount determined from time to time by the Participants Committee (the "Late Payment Account Limit"). Any amount in the Late Payment Account (including interest thereon) in excess of the Late Payment Account Limit shall be distributed to the Market Participants, no more frequently than quarterly, pro rata based on their ISO Charges in the month preceding the month in which such distribution is to be made; provided, however that no amount from the Late Payment Account shall be distributed to any Market Participant in payment default at the time of such distribution.
- (b) Interest collected on late payments of Transmission Charges shall be allocated and paid to the Covered Entities to whom such late payments are due, pro rata in accordance with the amount due to each such Covered Entity. Transmission Late Payment Charges that are collected and not distributed to the Covered Entities under the ISO New England Billing Policy shall be deposited by the ISO into a

segregated interest-bearing account (the “Transmission Late Payment Account”) for disbursement in accordance with Section 3.4 of the ISO New England Billing Policy; provided, however, that in no event shall the amount in the Transmission Late Payment Account, including interest accrued thereon, at any time exceed \$1,000,000 or other amount determined from time to time by the Participants Committee (the “Transmission Late Payment Account Limit”). Any amount in the Transmission Late Payment Account (including interest thereon) in excess of the Transmission Late Payment Account Limit shall be distributed to the Market Participants, no more frequently than quarterly, pro rata based on their Transmission Charges in the month preceding the month in which such distribution is to be made; provided, however that no amount from the Transmission Late Payment Account shall be distributed to any Market Participant in payment default at the time of such distribution.

SECTION 5 – SHORTFALL FUNDING ARRANGEMENTS: PAYMENT DEFAULT SHORTFALL FUND

Section 5.1 – Purpose and Creation of the Shortfall Funding Arrangement and the Payment Default Shortfall Fund. The ISO, acting in consultation with the NEPOOL Budget and Finance Subcommittee and NEPOOL’s Independent Financial Advisor, will arrange separate financing (the “Shortfall Funding Arrangement”) that can be used to make up any non-congestion related differences between ISO Charges received on Invoices and amounts due for ISO Charges in any week and as set forth in Sections 3.3 and 3.4. The Shortfall Funding Arrangement may be effected through third-party financing, through the creation of a special purpose funding entity, through Participant-provided funds or through some other arrangement agreed upon by the ISO, the NEPOOL Budget and Finance Subcommittee and NEPOOL’s Independent Financial Advisor. If and to the extent that, at any time, the Shortfall Funding Arrangement is not available (because, solely for example, it has not been arranged, it does not have sufficient funds available, it has expired or it has been terminated prior to its maturity), the ISO shall create a Payment Default Shortfall Fund that will provide for such non-congestion related difference between ISO Charges received on Invoices and amounts due for ISO Charges in any week and for payments in accordance with Section 3.3 and 3.4. The Shortfall Funding Arrangement and/or the Payment

Default Shortfall Fund shall be in addition to and not a replacement for the Late Payment Account or the Transmission Late Payment Account described above.

Section 5.2 -Participant Rights with respect to a Participant Financial Payment Default Shortfall Fund. To the extent that the Payment Default Shortfall Fund is in existence at any time, each Participant funding the Payment Default Shortfall Fund at such time would retain title to its share of amounts in the Payment Default Shortfall Fund and any interest accrued on those amounts on a pro rata basis based on the funds in the Payment Default Shortfall Fund provided by it. Each Participant will receive a monthly report that will identify the amount of funds in the Payment Default Shortfall Fund that belong to that Participant and the amount of interest accrued thereon. As Participants withdraw from or otherwise terminate membership in the ISO, the ISO would pay to such Participants their share, if any, of the amounts in the Payment Default Shortfall Fund, with interest. To the extent that the balance in the Payment Default Shortfall Fund exceeds the Required Balance, the excess will be refunded to Participants on a quarterly basis pro rata based on their share of the funds in the Payment Default Shortfall Fund.

Section 5.3 – Available Amount of Shortfall Funding Arrangement; Initial Funding of the Payment Default Shortfall Fund. The available amount of the Shortfall Funding Arrangement, combined with any amount on deposit in the Payment Default Shortfall Fund, shall be equal to the amount of a hypothetical Invoice at the 97th percentile of the average amounts due on Invoices rendered to Market Participants over the six calendar months preceding the calculation or a lesser amount as set by the ISO from time to time in consultation with the NEPOOL Budget and Finance Subcommittee (the “Required Balance”), which amount shall be calculated and adjusted by the ISO on a quarterly basis. To the extent that on any Business Day immediately following the date on which Payments for Non-Hourly Charges are due, either the Shortfall Funding Arrangement has not been established or the available amount of the Shortfall Funding Arrangement is less than the Required Balance, the ISO shall establish the Payment Default Shortfall Fund, and the Participants shall be responsible for initially funding the Payment Default Shortfall Fund in an amount equal to the Required Balance less the available amount, if any, of the Shortfall Funding Arrangement on such date (the “Participant Required Balance”). The ISO, in consultation with NEPOOL’s Independent Financial Advisor, shall notify the Market Participants promptly if they believe that the available amount of the Shortfall Funding

Arrangement is not, or is reasonably likely not to be, at least equal to the Required Balance, and the ISO will endeavor to arrange a supplement to any existing Shortfall Funding Arrangement at least to the extent required to fund such shortfall. The Market Participant Required Balance shall initially be funded by the Market Participants pro rata in accordance with the methodology used for the shortfall allocation process in Section 3.3(j)(ii) and Section 3.4(h)(ii) of the ISO New England Billing Policy (but based on Charges and Payments due over the three months immediately preceding the establishment of the Payment Default Shortfall Fund). A Participant's Payment Default Shortfall Fund payment obligation shall be identified as a separate line item on its Statements and Transmission Statements.

Section 5.4 Continued Shortfall Fund Funding Obligations; Payments on Shortfall Funding Arrangement.

- (a) The ISO will reallocate the Market Participants' overall obligation with respect to the amounts in the Payment Default Shortfall Fund, if any, annually on each anniversary of the Effective Date in accordance with the methodology used for shortfall allocation process in Section 3.3(j)(ii) and Section 3.4(h)(ii) of the ISO New England Billing Policy (but based on the Charges and Payment due in the preceding calendar year), with payments from and refunds to Market Participants that have underfunded or overfunded, respectively, the Payment Default Shortfall Fund based on that annual reallocation.

- (b) If the sum of the available amount of the Shortfall Funding Arrangement and the balance in the Payment Default Shortfall Fund (the "Total Available Amount") drops below 90 percent of the Required Balance at any time because of Market Participant terminations (but not because of draws on the Shortfall Funding Arrangement or the Payment Default Shortfall Fund or adjustments to the Required Balance), each Market Participant would be required to contribute a share of the funds needed to restore the Total Available Amount to the Required Balance. A Market Participant's pro rata share of that obligation would be determined in accordance with the methodology used for shortfall allocation process in Section 3.3(j)(ii) and Section 3.4(h)(ii) of the ISO New England

Billing Policy (but based on Charges and Payments due for the three months immediately preceding the date of that funding).

- (c) If (i) the ISO draws on the Shortfall Funding Arrangement and/or the Payment Default Shortfall Fund and the amount drawn, together with interest and fees thereon, is not replaced through payments on the payment default by the date on which the ISO next issues an Invoice that includes Non-Hourly Charges, or (ii) the Required Balance is increased as a result of quarterly adjustments, that next Invoice for Non-Hourly Charges will include a charge for Covered Entities necessary to restore the Total Available Amount to the Required Balance. That charge will be allocated among the Covered Entities according to the methodology used for the shortfall allocation process in Section 3.3(j)(ii) and Section 3.4(h)(ii) of the ISO New England Billing Policy with respect to the specific payment default. If payments on a payment default are received after the amount drawn from the Shortfall Funding Arrangement and/or the Payment Default Shortfall Fund for that payment default has been refunded, the amount of the payment default so received shall be allocated and paid to the Covered Entities providing that funding according to the methodology of Section 3.3(j)(ii) and Section 3.4(h)(ii) of the ISO New England Billing Policy.
- (d) In addition to the other obligations described in this Section 5.4, each Market Participant shall be charged a pro rata share of all interest, fees and other expenses incurred in connection with the Shortfall Funding Arrangement to the extent that such interest, fees and expenses are not paid by a Covered Entity with respect to a payment default. The pro rata allocation of fees and expenses described herein shall be made on the same basis as set forth in Section 5.4(c) above. A Market Participant's obligation with respect to the Shortfall Funding Arrangement shall be identified as a separate line item on its statements.
- (e) Without limiting the generality of Section 3.3 and Section 3.4, to the extent that a Covered Entity fails to pay an Invoice, requiring a draw on the Shortfall Funding Arrangement, that Covered Entity shall be required to pay the amount of such

draw, plus any interest accrued thereon and premium or other fees or expenses with respect thereto.

Section 5.5 -Payment Default Shortfall Fund Account. Funds collected as Market Participant contributions to the Payment Default Shortfall Fund shall be deposited by the ISO into a segregated interest-bearing account.

SECTION 6 -BILLING DISPUTE PROCEDURES.

Section 6.1 -Requested Billing Adjustments Eligible for Resolution under Billing Dispute Procedures. Any Covered Entity may dispute the amount due on any fully paid monthly Invoice and/or any amount believed to be due or owed on a Remittance Advice (a “Disputed Amount”). Such party (a “Disputing Party”) shall seek to recover such Disputed Amount, including accrued interest, pursuant to this Section 6, by first submitting a request for billing adjustment to the ISO (a “Requested Billing Adjustment” or “RBA”) in accordance with the procedures provided in this Section 6. A Disputing Party may seek resolution of a Requested Billing Adjustment under this Section 6 concerning any Disputed Amount resulting from the determination of a market clearing price or Transmission, Markets and Services Tariff rate by the ISO that allegedly either violates or is otherwise inconsistent with the Transmission, Markets and Services Tariff, or results from error by the ISO, and provided that a request for a correction of a Meter Data Error shall not be considered a Requested Billing Adjustment for purposes of the ISO New England Billing Policy, and requests for corrections of Meter Data Errors will be handled exclusively through the procedures set out in Market Rule 1. Notwithstanding the foregoing, a Requested Billing Adjustment must involve a requested change in an amount owed or believed to be owed in a Remittance Advice that is not covered by another alternative dispute resolution procedure under the Transmission, Markets and Services Tariff. Furthermore, a Requested Billing Adjustment must not involve Disputed Amounts paid on an Invoice for Non-Hourly Charges pursuant to the ISO New England Financial Assurance Policy, provided, however, that this provision shall not preclude a Disputing Party from submitting a Requested Billing Adjustment for a Disputed Amount on a fully paid monthly Invoice for Non-Hourly Charges which has been paid pursuant to an Invoice for Non-Hourly Charges in that month.

Section 6.2 -Effect of the ISO New England Billing Policy on Rights of Market Participant, PTO, or Non-Market Participant Transmission Customer with Respect to a Disputed Amount. Except as otherwise set forth in this Section 6.2, nothing in this Section 6 shall in any way abridge the right of any Covered Entity to seek legal or equitable relief under the Federal Power Act and/or any other applicable laws with respect to any Disputed Amount. Prior to commencing a proceeding before the Commission or other regulatory or judicial authority with jurisdiction to resolve the dispute which is the subject of the Requested Billing Adjustment, the Disputing Party must first submit the Requested Billing Adjustment to the ISO for review pursuant to Section 6.3 of the ISO New England Billing Policy.

Section 6.3 -ISO Review of Requested Billing Adjustment.

Section 6.3.1 -Submission of Requested Billing Adjustment to the ISO; Required Contents of Requested Billing Adjustment. A Disputing Party shall submit a Requested Billing Adjustment in writing to the Chief Financial Officer of the ISO. In its Requested Billing Adjustment, the Disputing Party must specify: (a) the Disputed Amount at issue, (b) the instance of alleged error at issue, including a statement detailing the specific provisions of all applicable governing documents that support the Requested Billing Adjustment, and (c) the specific person or persons to whom all communications to the Disputing Party regarding the Requested Billing Adjustment are to be addressed. A Disputing Party must submit its Requested Billing Adjustment within three months of the date that the Invoice or Remittance Advice containing the Disputed Amount was issued by the ISO unless the Disputing Party could not have reasonably known of the existence of the alleged error within such time.

Section 6.3.2 -Notice of ISO Review of Requested Billing Adjustment. Within three Business Days of the receipt by the ISO's Chief Financial Officer of a Requested Billing Adjustment, the ISO shall prepare and submit to all Covered Entities and to the Chair of the NEPOOL Budget and Finance Subcommittee a notice of the Requested Billing Adjustment ("Notice of RBA"), including, subject to the protection of Confidential Information, the specifics of the Requested Billing Adjustment. The Notice of RBA shall identify a specific representative of the ISO to whom all communications regarding the Requested Billing Adjustment are to be sent.

Section 6.3.3 -ISO Review of Requested Billing Adjustments. The ISO shall complete its review of a Requested Billing Adjustment received pursuant to Section 6.3 within twenty (20) Business Days of the date the ISO distributes the Notice of RBA. To the extent that either party makes such a request and both parties agree to such request, the ISO and Disputing Party may meet or otherwise confer during this period in an effort to resolve the Requested Billing Adjustment.

Section 6.3.4 -Comment Period. Any Covered Entity which desires to do so, or NEPOOL if it desires to do so, may submit to the ISO's designated representative, on or before the tenth (10th) Business Day following the date the ISO distributes the Notice of RBA, written comments to the ISO with respect to the Requested Billing Adjustment. Any such comments are to be transmitted simultaneously to the Disputing Party. The Disputing Party may respond to any such comments by submitting a written response to the ISO's designated representative and to the commenting party on or before the fifteenth (15th) Business Day following the date the ISO distributes the Notice of RBA. In determining the action it will take with respect to the Requested Billing Adjustment, the ISO shall consider the written response filed by the Disputing Party. The ISO may but is not required to consider any written comments that are filed by any other interested party.

Section 6.3.5 -ISO Action on Requested Billing Adjustment. The ISO shall provide to the Disputing Party and to the Chair of the NEPOOL Budget and Finance Subcommittee a written decision (the "RBA Decision") accepting or denying a Requested Billing Adjustment received pursuant to this Section 6.3 within twenty (20) Business Days of the date the ISO distributes the Notice of RBA, unless some later date is agreed upon by the Disputing Party and the ISO. The ISO shall provide written notice and a copy of each RBA Decision to each Covered Entity either eligible for reimbursement, denied reimbursement of a Disputed Amount or required to provide reimbursement of a Disputed Amount because of an RBA Decision (hereafter referred to as an "Affected Party" or the "Affected Parties") within five (5) Business Days of the date the RBA Decision is rendered. In providing such notice to any Affected Party required to provide reimbursement of a Disputed Amount, the ISO shall specify the amount to be reimbursed by such Affected Party and the calculations supporting the determination of such reimbursement amount. Subsequent to the provision of the written notice of the RBA Decision as set forth above, the ISO shall provide each Affected Party with respect to that RBA Decision a monthly report of the

status of such RBA Decision within the dispute resolution process set forth in this Section 6, including a statement of the accounting treatment of the disputed amount owed by or to that Affected Party with respect to that RBA Decision in accordance with the most recent decision issued pursuant to Sections 6.3.6 or 6.4 of the ISO New England Billing Policy, whichever applies, with respect to that RBA Decision. For purposes of this Section, the term “Affected Parties” shall also include the Disputing Party.

Section 6.3.6 -Finality of ISO Action on Requested Billing Adjustment. Except as otherwise provided in this Section 6.3.6, the RBA Decision shall become final and binding on the Affected Parties and shall not be appealable in any forum on the twenty-first (21st) Business Day after the notice of the specific RBA Decision at issue was provided to the Affected Parties as set forth in Section 6.3.5 above. The RBA Decision shall not become final or binding if, on or before the twentieth (20th) Business Day after the notice of the specific RBA Decision at issue was provided to the Affected Parties as set forth in Section 6.3.5 above, an Affected Party has appealed the RBA Decision by commencing a proceeding before the Commission or other regulatory or judicial authority with jurisdiction over the dispute, or has filed an appeal pursuant to Section 6.4 of the ISO New England Billing Policy. If a proceeding is commenced before the Commission or other regulatory or judicial authority with jurisdiction over the dispute, the Affected Party commencing that proceeding shall simultaneously transmit a copy of its initial pleading in that proceeding to the ISO’s designated representative for that particular RBA Decision, and to the Chair of the NEPOOL Budget and Finance Subcommittee and shall also submit to the ISO’s designated representative for that particular RBA a copy of the final order or decision in that proceeding resolving the dispute. If any such appeal is filed pursuant to Section 6.4 of the ISO New England Billing Policy, the RBA Decision shall have no force or effect unless or until it is affirmed or upheld upon completion of the appeal process selected by the Affected Party and as provided for in the ISO New England Billing Policy.

Section 6.4 -Right of Affected Party to Review of ISO RBA Decision by AAA.

Section 6.4.1 -Right to Further Review. An Affected Party may seek review of an RBA Decision by an independent third party neutral by submitting, on or before the twentieth (20th) Business Day after the notice of the specific RBA Decision at issue was provided to the Affected Parties as

set forth in Section 6.3.5 above, a request for arbitration of the Requested Billing Adjustment with the American Arbitration Association (“AAA”). At the same time that it submits its request to the AAA, the Affected Party commencing any such review of an RBA Decision shall transmit its request for arbitration: (i) to the ISO’s designated representative for that particular RBA Decision; and (ii) to each of the Affected Parties; and (iii) to the Chair of the NEPOOL Budget and Finance Subcommittee. The ISO and any Affected Party shall be joined as parties to the arbitration. NEPOOL and other Covered Entities shall be permitted to intervene in the arbitration if they desire to do so.

Section 6.4.2 -Finality of the AAA Neutral’s Decision. Except as otherwise provided in this Section 6.4.2, the written, final decision of the AAA neutral shall become final and binding on the Affected Parties, including the ISO, and shall not be appealable in any forum on the twenty-first (21st) Business Day after the date on which the final decision of the AAA neutral was issued. The final decision of the AAA neutral shall not become final or binding if on or before the twentieth (20th) Business Day after the date on which the final decision of the AAA neutral was issued, an Affected Party or Parties or the ISO has appealed the final decision of the AAA neutral by commencing a proceeding before the Commission or other regulatory or judicial authority with jurisdiction over the dispute. If any such appeal is filed, the final decision of the AAA neutral shall have no force or effect unless or until it is affirmed or upheld upon completion of the appeal process.

Section 6.5 -Access to Confidential Information. Information that is deemed confidential pursuant to the ISO New England Information Policy in the possession, custody or control of the ISO concerning the dollar amount in Invoices or Remittance Advices issued by the ISO (“Confidential Information”) shall be made available under these billing dispute procedures only to “Dispute Representatives” who have executed a confidentiality agreement in accordance both with this Section 6.5 and the ISO New England Information Policy in the form of Attachment 1 hereto (“Confidentiality Agreement”). A copy of the executed Confidentiality Agreement for a Dispute Representative shall be provided to the ISO prior to the disclosure of any Confidential Information to said Dispute Representative. Confidential Information shall not be disclosed to anyone other than in accordance with this Section 6.5, and shall be used only in connection with the billing dispute procedures provided under this Section 6.

- a) *Potential Disputing Parties' Right of Access to Confidential Information.* A Market Participant, PTO or Non-Market Participant Transmission Customer that is a potential Disputing Party is entitled to obtain access to Confidential Information for its Dispute Representative, if and only if, it can demonstrate to the ISO that such access is required to determine if it has a substantive basis for filing a Requested Billing Adjustment with the ISO. Such demonstration by a potential Disputing Party, at a minimum, shall include: the information submitted to the Chief Financial Officer of the ISO required in Section 6.3.1; and, why lack of access to Confidential Information prevents the potential Disputing Party from determining if it has a substantive basis for filing such a Requested Billing Adjustment. A potential Disputing Party shall submit a request for access to Confidential Information in writing to the ISO (an "Information Request"). The ISO shall evaluate and respond to such an Information Request within ten (10) days of the receipt of the Information Request, and where the need for access to Confidential Information is demonstrated in accordance with the above, shall provide access to such Confidential Information within fifteen (15) days of the receipt of the Information Request.
- b) *Affected Parties Right of Access to Confidential Information.* If the RBA Decision is submitted to the AAA for resolution pursuant to Section 6.4, then for purposes of that AAA proceeding a Market Participant or Non-Market Participant Transmission Customer that is an Affected Party is entitled to obtain access to Confidential Information for its Dispute Representative if, and only if, it can demonstrate to the AAA Neutral that such access is required to protect its financial interests with respect to review of an RBA Decision pending before the Neutral. An Affected Party shall submit a request for access to Confidential Information concerning an RBA Decision within the timeframes established by the Neutral. The Neutral shall have the authority to enter such orders as may be necessary to protect the Confidential Information, in accordance with applicable ISO policies including but not limited to the ISO New England Information Policy.

- c) *Dispute Representatives.* Dispute Representatives shall be limited to the AAA Neutral(s), Covered Entities and third parties retained by and/or in-house legal counsel of the AAA or Covered Entities; provided, however, that Confidential Information may not be disclosed to a Dispute Representative to the extent the disclosure is prohibited by Order 889. A Dispute Representative may disclose Confidential Information to any other Dispute Representative as long as the disclosing Dispute Representative and the receiving Dispute Representative each have executed a Confidentiality Agreement. In the event that any Dispute Representative to whom Confidential Information is disclosed ceases to be engaged in a matter under these billing dispute procedures, or is no longer qualified to be a Dispute Representative under this Section, access to Confidential Information by that person, or persons, shall be terminated and all such Confidential Information received by that party shall be returned to the ISO or destroyed to the satisfaction of the ISO. Even if no longer engaged as a Dispute Representative under this Section, every person who has executed a Confidentiality Agreement shall continue to be bound by the provisions of this Section and such Confidentiality Agreement. All Dispute Representatives are responsible for ensuring that persons under their supervision or control comply with this Section and the Confidentiality Agreement.
- d) *Maintenance of Confidential Information.* All copies of all documents and materials containing Confidential Information shall be maintained by Dispute Representatives at all times in a secure place in sealed envelopes or other appropriate containers endorsed to the effect that they are sealed pursuant to this Section. Such documents and material shall be marked PROTECTED CONFIDENTIAL INFORMATION and shall be maintained under seal and provided only to Dispute Representatives as are authorized to examine and inspect such Confidential Information. Dispute Representatives shall provide to the ISO a list of those persons under the supervision and/or control of the Dispute Representative who are entitled to receive Confidential Information.

Dispute Representatives shall take all reasonable precautions to ensure that Confidential Information is not distributed to unauthorized persons.

- e) *ISO Right to Object to Access to Confidential Information.* Nothing in this Section shall be construed as precluding the ISO from objecting to providing any party access to Confidential Information on any legal grounds other than those provided under the ISO New England Information Policy, as it may be amended time to time.

SECTION 7 -WEEKLY BILLING PRINCIPLES FOR NON-HOURLY CHARGES.

The ISO shall administer weekly billing arrangements for Non-Hourly Charges and Transmission Charges that have been effected in special circumstances pursuant to the ISO New England Financial Assurance Policy according to the following principles:

Section 7.1 - Weekly Invoices. The ISO shall issue weekly Invoices for such Non-Hourly Charges and such Transmission Charges to any Market Participant or Non-Market Participant Transmission Customer for which such a weekly billing arrangement has been established to the extent such Market Participant's or Non-Market Participant Transmission Customer's Non-Hourly Charges and Transmission Charges exceed the Payments due to it for Non-Hourly Charges and Transmission Charges, respectively, for the current billing week. Such weekly Invoices for Non-Hourly Charges and for Transmission Charges would be issued and due at the same times as one of the twice weekly Invoices for Hourly Charges as determined by the ISO. Remittance Advices for Non-Hourly Charges and for Transmission Charges for such Market Participants and Non-Market Participant Transmission Customers will still be issued monthly, in accordance with the procedures set forth above.

Section 7.2 -Basis for Billing. The amounts due from such Market Participant or Non-Market Participant Transmission Customer on weekly Invoices for Non-Hourly Charges and Transmission Charges shall be based on estimates derived by pro-rating the most recent final monthly Statements and Transmission Statements issued for such Market Participant or Non-Market Participant Transmission Customer.

Section 7.3 -Monthly Reconciliation. In connection with each monthly billing cycle, the ISO shall reconcile the sum of the weekly Invoices for Non-Hourly Charges and for Transmission Charges issued with the normal monthly billing quantities for such Non-Hourly Charges and Transmission Charges calculated for the Market Participant or Non-Market Participant Transmission Customer. The ISO shall perform a true-up of any amounts owed or due on the following weekly Statements or monthly Transmission Statements.

Section 7.4 – FTR-Only Customers. FTR-Only Customers are not eligible for weekly billing arrangements for Non-Hourly Charges.

Re: Requested Billing Adjustment _____

CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT

The ISO (“Provider”) agrees to make available, pursuant to Section 6 of the ISO New England Billing Policy, to _____ (“Recipient”) confidential and proprietary information (Confidential Information”) relevant to resolution of the Requested Billing Adjustment _____ and any appeals thereof as provided for in said Section 6.

1. Any information provided to the Recipient and labeled “Confidential Information” by Provider shall be confidential subject to this Agreement.
2. The Confidential Information is received by Recipient in confidence.
3. The Confidential Information shall not be used or disclosed by the Recipient except in accordance with the terms contained herein, with Section 5 of the ISO New England Billing Policy and with the ISO New England Information Policy.
4. Only individuals who are Dispute Representatives as that term is defined in Section 6 of the ISO New England Billing Policy, and not entities, may be Recipients of Confidential Information under this paragraph. By executing this Agreement, each Recipient certified that he/she meets the requirements of this Agreement.
5. The following conditions apply to each Recipient:
 - a. Each Recipient will receive one (1) numbered, controlled copy of the Confidential Information. The Recipient will not make any copies thereof or provide the Confidential Information to any individual or entity except one who has executed and delivered an Agreement identical to this Agreement to the Provider.
 - b. The Recipient shall maintain a log of all persons granted access to the Confidential Information.
 - c. The Recipient, by signing this Agreement acknowledges that he/she may not in any manner disclose the Confidential Information to any person, and that he/she may not use the Confidential Information for the benefit of any person except in this proceeding and in accordance with the terms of this Agreement, Section 6 of the ISO New England Billing Policy and the ISO New England Information Policy.
 - d. The Recipient acknowledges that any violation of this Agreement may subject the Recipient to civil actions for violation thereof.
 - e. Within thirty (30) days of the final decision issued with respect to the Requested Billing Adjustment terminating all appeals with respect to this Requested Billing Adjustment, Recipient shall return the Confidential Information to Provider.

PROVIDER:

By: _____

Dated: _____

RECIPIENT:

By: _____

Dated: _____