

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 ma

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 Statemen

- 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) *Monthly Forward Capacity Market 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 Performance Payments 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) [Reserved for Future Use]
- 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.

- 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 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

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*

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.*

(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)

(vii) all prepayments will be held in the

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

- 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

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

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)

the ISO New England Financial Assurance Policy or through actions or proceedings commenced against the default

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

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
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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

allocation of the Uncovered Transmission Default Amount under this clause
(h)(ii), up to the full amount of such Uncovered Transmission Default Amount

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

- 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

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.

**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 established in accordance with the terms and conditions set forth in the Shortfall Funding Arrangement and Payment Default Shortfall Fund Agreement, which shall be a part of the NEPOOL Shortfall Funding Arrangement and Payment Default Shortfall Fund Agreement.

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

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/

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

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)

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.

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