

MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY
QUALIFYING FACILITY POWER PURCHASE RATE P

1. Availability

The Company will purchase electricity from any small power producer or co-generator that meet the criteria specified by the Federal Energy Regulatory Commission (“FERC”) (“Qualifying Facility” or “QF”), or any plant or equipment that is used to produce, manufacture, or otherwise generate electricity with a design capacity of 60 kW or less that is not a transmission facility (“On-Site Generating Facility” or “OSGF”), as defined in 220 CMR 8.02, in accordance with the provisions below.

2. Terms and Conditions

Any QF or OSGF that desires to sell electricity to the Company must provide the Company with up to 90 days prior written notice. Once a QF has submitted an offer to sell generation output to the Company, the Company must respond to the offer within thirty days of receipt of the offer.

At the time of notification, the QF or OSGF shall provide the Company with the following information:

- a. The name and address of the applicant and location of the QF or OSGF.
- b. A brief description of the QF or OSGF, including a statement indicating whether such facility is a small power production facility, a cogeneration facility, or an OSGF.
- c. The primary energy source used or to be used by the QF or OSGF.
- d. The power production capacity of the QF or OSGF and the maximum net energy to be delivered to the utility’s facilities at any clock hour.
- e. The owners of the QF or OSGF including the percentage of ownership by any electric utility or by any public utility holding company, or by any entity owned by either.
- f. The expected date of installation and the anticipated on-line date.
- g. The anticipated method of delivering power to the Company.
- h. A description of any power conditioning equipment to be located between the QF or OSGF and the Company’s system.
- i. A description of the type of generator used in the installation of the QF or OSGF (synchronous, induction, photovoltaic, etc.).
- j. The method of payment (bill credit or check or money order) requested, as described in Paragraph 5 in this tariff.

Such notice shall be sent to:

Manager, Technical Sales and Engineering Support
National Grid USA Service Company, Inc.
40 Sylvan Road
Waltham, MA 02451

Upon such receipt, the QF or OSGF and the Company shall execute the standard purchase power agreement setting forth the terms of the sale, a form of which is attached in Schedule A, or a negotiated agreement, as provided in 220 C.M.R. 8.03(1)(b)2.

In addition, the QF or OSFG must follow the terms and conditions set forth in the Company's Interconnection Requirements Document, including the execution of an interconnection agreement with the Company.

In accordance with 220 CMR 8.03 (2)(a), a QF shall comply with any and all applicable NEPOOL and ISO information requests, rules, and requirements that are necessary for the QF's generation output to be sold to the NEPOOL Power Exchange by the Company. The QF shall provide such information to the Company in a timely manner.

In accordance with 220 CMR 8.03 (2)(b), in the event that a fine, penalty, or sanction is levied on the Company by NEPOOL or the ISO as a result of the QF's failure to comply with a NEPOOL or ISO information request, rule, or requirement, then the QF shall be responsible for the costs of such fines, penalties or sanctions imposed by NEPOOL or the ISO on the Company.

The Company's Terms and Conditions in effect from time to time, where not inconsistent with any specific provisions hereof, are a part of this tariff.

3. Purchase Rates

Rates for QFs Greater than 1 MW

QFs that have a design capacity of 1 MW or greater shall have their output metered and purchased at rates equal to the payments received by the Company from the ISO power exchange for such output for the hours in which the QF generated electricity in excess of its requirements.

Rates for QFs Greater than 60 kW but less than 1 MW

QFs with a design capacity greater than 60 kW but less than 1 MW shall, at their discretion, have (1) their output metered and purchased at rates equal to the arithmetic average of the Short Run Energy rate in the prior calendar month for the kWh generated in excess of the customer's requirements or (2) their output metered and purchased at rates equal to the payments received by the Company from the ISO power exchange for such output for the hours in which

the QF generated electricity in excess of its requirements. If a QF elects option (2) hereunder, the Company shall request a waiver of 220 CMR 8.05(2)(b) from the Department of Telecommunications and Energy in order for the QF to use this option.

Rates for QFs of 60 kW or less and OSGFs

QFs with a design capacity of 60 kW or less and OSGFs shall have the option to use a net metering method or have their output metered and purchased at rates equal to the arithmetic average of the Short-Run Energy rate in the prior calendar month for the kWh which the QF generated electricity in excess of its requirements. QFs and OSGFs may elect net metering only in those instances where the generation serves the load at the same physical location as the QF or OSGF.

QFs and OSGFs that elect to use net metering will receive a credit equal to the arithmetic average of the Short-Run Energy rate in the prior calendar month for any month during which there was a positive net difference between kWh generated and consumed.

4. Rate for Other Electrical Services

In accordance with the provisions of 220 CMR 8.06(1), the Company shall, upon request by a Qualifying Facility or On-Site Generating Facility, supply to a Qualifying Facility or On-Site Generating Facility supplementary, back-up, maintenance, and interruptible power pursuant to 18 C.F.R. 292.305(b) under the rate schedules applicable to all customers for such service, regardless of whether they generate their own power.

In accordance with 220 CMR 8.06(2), where it is possible for a Qualifying Facility or On-Site Generating Facility to receive this service under the applicability clauses of more than one rate schedule, the Qualifying Facility or On-Site Generating Facility may choose the rate schedule under which it will be served.

5. Terms of Payment

In accordance with 220 CMR 8.04(9)(a), a Qualifying Facility or On-Site Generating Facility selling power to the Company may choose to receive a check from the Company as payment for power supplied or may have payment credited towards its bill from the Company. The QF or OSGF shall designate which option it prefers in writing to the Company at the time that it notifies Company that it wishes to sell electricity to Company. Unless the QF or OSGF otherwise elects in writing, the Company will render payment for all electricity purchased under the terms of this rate schedule by check or electronic funds transfer. The QF or OSGF may not change this election more frequently than once in any twelve-month period.

6. Interconnection Standards

In accordance with the provisions of 220 CMR 8.04(1), the Company's interconnection standards for Qualifying Facilities and On-Site Generating Facilities located within its service territory are set forth in the Company's Standards for Interconnection of Distributed Generation. These standards for interconnection and metering along with related agreements and costs shall apply to any Qualifying Facility and On-Site Generating Facility interconnection in the Company's service territory.

7. Metering

In accordance with 220 CMR 8.04(8), the Qualifying Facility or On-Site Generating Facility shall furnish and install the necessary meter socket and wiring in accordance with accepted electrical standards. The Company shall furnish, read, and maintain the metering equipment.

Metering Equipment Type:

- a) Qualifying Facilities with a design capacity of greater than 1 MW shall be required to install bi-directional, interval metering with remote access capability. Such remote access capability may include telemetering to the extent required by NEPOOL standards. Such meter shall be in compliance with NEPOOL standards and requirements for meters on generation resources. The interval-recording meter will be controlled, tested, maintained, and read by the Company. In addition, QFs which choose to have their output metered and purchased at rates equal to the payments received by the Company from the ISO power exchange for such output for the hours in which the QF generated electricity in excess of its requirements pursuant to Paragraph 3 hereunder shall also be required to purchase this metering equipment.
- b) Qualifying Facilities or On-Site Generating Facilities with a design capacity of 60 kW or less that do not elect to net meter and Qualifying Facilities which elect to have their output metered and purchased at rates equal to the arithmetic average of the Short Run Energy rate in the prior calendar month for the kWh generated in excess of the customer's requirements pursuant to Paragraph 3 hereunder shall use a metering system that can record sales to the Company. The default meter will be a bi-directional, non-interval meter without remote access.
- c) Qualifying Facilities or On-Site Generating Facilities with a design capacity of 60 kW or less that net meter shall use a standard service meter capable of running backwards.

Metering Equipment Ownership:

- a) In accordance with 220 CMR 8.04(8)(e), where the QF or OSGF elects to own the meter, the QF or OSGF shall pay the Company a monthly charge to cover meter maintenance and incremental reading and billing costs. These charges are as set forth in Schedule B.
- b) In accordance with 220 CMR 8.04(8)(f), where the QF or OSGF elects to have the Company own the meter, the QF or OSGF shall pay the Company a monthly charge which covers taxes, meter maintenance, incremental reading and billing costs, the allowable return on the invoice cost of the meter, and the depreciation of the meter. These charges are as set forth in Schedule B.

8. Interconnection and Metering Information

The Company's interconnection and metering requirements are set forth in the Company's Standards for Interconnection of Distributed Generation.

9. Short-Run Capacity or Reserves Payments

The Company shall make payments to a QF for capacity and/or reserves-related products if the sale is recognized by NEPOOL as a capacity and/or reserves-related product sale. The Company shall pay rates equal to the payments received for the sale of any capacity and/or reserves-related products associated with such QF output to the ISO power exchange.

10. Indemnification

The Qualifying Facility or On-Site Generating Facility shall defend, indemnify and hold the Company harmless from and against all claims for damage to the equipment of the QF, OSGF, or Company, as the case may be, or damage or injury to any person or property arising out of the use by the QF or OSGF, as the case may be, of generating equipment in parallel with the Company's own system.

11. Terms and Conditions

The Company's Terms and Conditions in effect from time to time, where not inconsistent with any specific provisions hereof, are a part of this rate.

Schedule A

MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY
QUALIFYING FACILITY POWER PURCHASE RATE P AGREEMENT

The Agreement is between _____, a Qualifying Facility (“QF”), or On-Site Generating Facility (“OSGF”), as defined in 220 CMR 8.02, and _____ Electric Company (the “Company”) for energy purchases by the Company from the QF’s or OSGF’s facility located at _____, Massachusetts.

Agreement to Purchase under the P-Rate Tariff

Effective as of _____, the Company agrees to purchase electricity from the QF/OSGF and QF/OSGF agrees to sell electricity to the Company under the terms and conditions of the Company’s Qualifying Facility Power Purchase Rate P (“P-Rate”) as currently in effect or amended by the Company in the Company’s sole discretion. The QF/OSGF agrees to comply with the terms and conditions of the P-Rate tariff and associated policies of the Company that are on file with the Massachusetts Department of Public Utilities (the “Department”) as currently in effect or as modified, amended, or revised by the Company, and to pay any metering and interconnection costs required under such tariff and policies.

Payments for Energy

The Company will pay the QF/OSGF at the rates in effect at the time of delivery as provided for in the P-Rate.

Notice

The Company or QF/OSGF may terminate this agreement on thirty (30) days written notice which includes a statement of reasons for such termination.

Agreed and Accepted

Date

Massachusetts Electric Company/
Nantucket Electric Company

Date

Schedule B – QF and OSGF Monthly Charges

Monthly Charges

Option 1 - Monthly Charges for QF/OSGF Meter Ownership Option

Monthly Charge for Incremental Costs of Meter Reading, Billing and Meter Maintenance:

Type of Meter	Reading & Billing (1)	Maintenance (2)	Total
Single phase non-TOU 0-60 KW	\$4.23	\$0.54	\$4.77
Single phase TOU 0-60 KW	\$4.23	\$3.77	\$8.00
Polyphase TOU (self-contained) 61-100 KW	\$4.23	\$8.73	\$12.96
Complex Polyphase TOU (transformer-rated) 100+ KW	\$4.23	note 1	note 1

Note 1: Maintenance fee based on average O&M charges for transmission and distribution equipment times the current gross installed cost of the equipment. Complex installations are estimated on a case by case basis.

Option 2 - Monthly Charges for Company Meter Ownership Option

Monthly Carrying Charges for Metering Equipment:

Type of Meter	Installed Cost	Monthly Carrying Charge Rate (3)	Monthly Carrying Charge	Reading, Billing & Maint Charge	Total Monthly Charge
Single phase non-TOU 0-60 KW	\$35.60	1.05%	\$0.37	\$4.77	\$5.14
Single phase TOU 0-60 KW	\$248.35	1.05%	\$2.61	\$8.00	\$10.67
Polyphase TOU (self-contained) 61-100 KW	\$574.35	1.05%	\$6.03	\$12.96	\$18.99
Complex Polyphase TOU (transformer-rated) 100+ KW	note 2	1.05%	note 2	note 2	note 2

Note 2: Charges for complex installations are determined on a case by case basis.

Schedule B – QF and OSGF Monthly Charges

1) Calculation of Meter Reading and Billing Cost

Total Meter Reading and Billing Cost (DPU 96-100 settlement)	\$47,141,649
Average number of Mass. Electric meters	927,677
Average annual cost per customer	\$50.82
Average monthly cost per customer	\$4.23

2) Meter Maintenance Cost Calculation

Includes Metering O&M, Depreciation, Taxes other than Income and A&G Percentage 21.56%

Type of Meter	Installed Cost	Monthly O&M Rate	Monthly Charge
Single phase non-TOU 0-60KW	\$35.60	1.52%	\$0.54
Single phase TOU 0-60 KW	\$248.35	1.52%	\$3.77
Polyphase TOU (self-contained) 61-100 KW	\$574.35	1.52%	\$8.73
Complex Polyphase TOU (transformer-rated) 100+ KW	note 3	1.52%	note 3

Note 3: Charges for complex installations are determined on a case by case basis.

Installed Meter Costs

Type of Meter	Type	Life	Invoice Cost	Testing Cost	Installed Cost	Total Installed Cost
Single phase non-TOU 0-60KW	GE I70/S	30	\$23.70	\$0.00	\$11.90	\$35.60
Single phase TOU 0-60 KW	GE I70 TMR92	20	\$224.00	\$12.45	\$11.90	\$248.35
Polyphase TOU (self-contained) 61-100 KW	GE V64 TMR92	20	\$550.00	\$12.45	\$11.90	\$574.35
Complex Polyphase TOU (transformer-rated) 100+ KW	GE EV KRC901	20	\$760.00	\$29.90	note 4	note 4

Note 4: Complex installation costs depend on service characteristics and must be determined on a case by case basis.

3) Monthly and Annual Carrying Charges for Interconnection Costs:

	<u>Monthly</u>	<u>Annual</u>
Weighted Average Rate of Return (DPU 96-100)	0.77%	9.24%
Federal and State Income Tax	0.28%	3.38%
Total Carrying Charge	1.05%	12.62%