

MEMORANDUM OF UNDERSTANDING
Among
THE UNITED STATES DEPARTMENT OF ENERGY
And
NORTHERN PASS TRANSMISSION LLC
And
SE GROUP

Regarding
INDEPENDENT THIRD PARTY PREPARATION OF A NEPA COMPLIANCE
DOCUMENT

I. INTRODUCTION AND PURPOSE

It is the purpose of this Memorandum of Understanding (“MOU”), which is effective upon signature by the Department of Energy (“DOE”), to establish an understanding, as required by 10 C.F.R. § 205.328, among DOE, Northern Pass Transmission LLC (“Northern Pass”), and SE Group,¹ collectively the “Parties,” regarding the roles, responsibilities and relationships of each party and the procedures to be followed by SE Group in the preparation of an Environmental Impact Statement (“EIS”). The EIS will be prepared to meet DOE’s obligations arising under the National Environmental Policy Act of 1969 (“NEPA”) in connection with the application by Northern Pass for a Presidential permit for an international electric transmission line (the “Project”).

¹ SE Group enters into this MOU on behalf of itself and the environmental consulting subcontractors it engages for the Project (the “SE Group Team”), which presently include Environment & Ecology, Inc., and Lucinda Low Swartz. For purposes of this MOU, all references to SE Group shall be understood to apply to SE Group and the SE Group Team.

Northern Pass has applied to DOE's Office of Electricity Delivery and Energy Reliability ("OE"), pursuant to Executive Order 10485, as amended by Executive Order 12038, for a Presidential permit to construct, operate, maintain and connect a high voltage direct current ("HVDC") transmission line with a 1,200 MW capacity at the border between the United States and Canada. The proposed HVDC transmission line would originate at Des Cantons, Québec, Canada, cross the U.S.-Canada border, and terminate at a location in southern New Hampshire. The Project would also include construction of alternating current ("AC") components and upgrades to the existing transmission system. The proposed HVDC transmission line would extend approximately 140 miles southward from the United States/Canada border. It is anticipated that the AC line would run southeast from a DC/AC converter station at the proposed southern terminus of the HVDC line in Franklin, New Hampshire, toward the eastern border of New Hampshire, approximately 40 miles, where it would join with existing AC transmission facilities at Deerfield, New Hampshire.

II. GENERAL PROVISIONS

1. Scope of the MOU: DOE enters into this MOU under the authority of § 646 of the Department of Energy Organization Act, 42 U.S.C. § 7256.

This MOU in no way restricts any of the Parties from participating in any activity with other public or private agencies, organizations or individuals, except that SE Group shall not engage in activities that would constitute a conflict of interest pursuant to 40 C.F.R. § 1506.5(c).

This MOU is neither a fiscal nor a funds obligation document. Nothing in this MOU authorizes or is intended to obligate the Parties to expend, exchange, or reimburse funds, services, or supplies, or transfer or receive anything of value.

This MOU is strictly for internal management purposes for each of the Parties. It is not legally enforceable and shall not be construed to create any legal obligation on the part of any of the Parties. This MOU shall not be construed to provide a private right or cause of action for or by any person or entity.

All agreements herein are subject to, and will be carried out in compliance with, all applicable laws, regulations and other legal requirements.

2. Contractor Selection: In accordance with the applicable regulations at 10 C.F.R. § 205.328 (a)-(b), 10 C.F.R. § 1021.215(d), and 40 C.F.R. § 1506.5(c), DOE selected SE Group and determined that SE Group is qualified to perform the necessary services. SE Group and each of the subcontractors working on the SE Group Team on the Project have executed a disclosure document prepared by DOE attesting to the fact that they have no financial or other interest, as set forth in 40 C.F.R. § 1506.5(c), in the outcome of the Project. See Attachment A.

3. SE Group's Technical Expertise and Performance: Northern Pass will be responsible for developing and negotiating the Scope of Work ("SOW") for SE Group's preparation of the EIS consistent with section III.4, "Scope of Work," below, and subject to DOE approval of the final SOW before SE Group initiates work on the EIS. In accordance with 10 C.F.R. § 205.328(a), Northern Pass will engage and pay SE Group directly for the supportive expertise, staff, and technical assistance required for preparation of the EIS, as specified in the Consulting Services Agreement between Northern Pass and SE Group, hereinafter referred to as the "Agreement." Northern Pass will be solely responsible for managing the performance of SE Group with respect to the budget. In all other respects, DOE will be solely responsible for managing SE Group and the process.

4. Supervision and Approval: In preparing the EIS, the activities of, and work performed by, SE Group will be directed solely by DOE staff. SE Group shall complete preparation of the EIS within the scope established herein. The activities associated with preparation of the EIS shall include the gathering, analysis, and presentation of information contained in the EIS, establishment and maintenance of a Project website, and the creation of a continuing "Administrative Record." Northern Pass will neither have control over, nor direct, the activities of SE Group. For the purposes of the conduct of the analysis and preparation of the EIS, DOE will be viewed as the client, and SE Group will comport itself as an independent third party under the supervision of DOE with regard to any and all contacts and meetings, both formal and informal, with any third parties, including cooperating agencies (see also paragraph III.3 below), other Federal agencies, State and local agencies and departments, private organizations, Native American Tribes, and members of the general public. DOE has the authority and reserves the right to unilaterally approve and/or modify any statement, data, analysis, and conclusion contained in the EIS.

5. Coordination:

A. DOE shall:

- i. Actively participate in all substantive phases of the EIS preparation;
- ii. Designate a NEPA Document Manager to organize the preparation and review of the EIS; and,
- iii. Have representatives coordinate with necessary Federal, State, regional and local agencies, Native American Tribes, and the public for the purpose of ensuring that the EIS adequately reflects input from other interested agencies and parties.

B. Northern Pass shall designate a project representative to serve as the primary contact

person for the purpose of:

- i. Providing project specific data and information to SE Group;
- ii. Reviewing the EIS, as directed by DOE, for accurate presentation and use of such data and information; and,
- iii. Monitoring SE Group's adherence to the budgetary and scheduling goals specified in the Agreement.

6. Determinations on Findings and Conclusions: In all instances involving questions of content or relevancy of any material, including all statements, data, analyses and conclusions in the Draft or Final EIS, DOE shall make the final determination as to the inclusion or deletion of such material. In the event of a difference of opinion between DOE and Northern Pass with respect to the content, relevance or inclusion of any such material, Northern Pass shall be given the opportunity to meet with and present its views to DOE, and DOE shall consider the views of Northern Pass prior to making a decision as to the inclusion or deletion of any such material in the EIS.

7. Schedule: Each of the Parties understands that time is of the essence in completing the EIS within the schedule agreed to by Northern Pass and DOE. For its part, DOE will make good faith efforts to conduct reviews, comments, and other actions reasonably within DOE's care and control. DOE reserves the right to unilaterally amend the schedule as necessitated by technical concerns or issues or exigencies of administrative considerations or staff availability.

8. SE Group Expenses: In accordance with 10 C.F.R. § 205.328(a), all costs incurred by SE Group pursuant to the Agreement for preparation of the EIS shall be the sole responsibility of Northern Pass. The terms of the Agreement shall permit modifications in terms of schedule and performance consistent with production of an EIS satisfactory to DOE. DOE will be held

harmless for any and all claims, demands, or other cause(s) of action arising from the performance of SE Group in the preparation of the EIS.

III. PROCEDURES

1. DOE Environmental Compliance Guide and NEPA Regulations: At a minimum, the following, subject to updating and revision by the Government, shall be used by SE Group in the preparation of the EIS:

Department of Energy, "*Application for Presidential Permit Authorizing the Construction, Connection, Operation, and Maintenance of Facilities for Transmission of Electric Energy at International Boundaries*," 10 C.F.R. § 205.320 et seq.

Council on Environmental Quality, "*Regulations for Implementing the Procedural Provisions of the National Environmental Policy Act*," 40 C.F.R. Parts 1500-1508.

Council on Environmental Quality, "*Guidance on NEPA Analyses for Transboundary Impacts*," July 1, 1997.

Department of Energy, "*National Environmental Policy Act Implementing Procedures*," 10 C.F.R. Part 1021.

Department of Energy, "*Recommendations for the Preparation of Environmental Assessments and Environmental Impact Statements*," December 2004.

Department of Energy, "*Environmental Impact Statement Checklist*," November 1997.

Department of Energy, "*Compliance with Floodplain and Wetland Environmental Review Requirements*," 10 C.F.R. Part 1022.

2. Federal Environmental Statutes: At a minimum, the following Federal environmental statutes shall be used by SE Group in the preparation of the EIS:

- Clean Air Act, as amended;
- Clean Water Act, as amended;
- Coastal Zone Management Act of 1972, as amended;

- Endangered Species Act of 1973, as amended;
- Fish and Wildlife Coordination Act of 1934, as amended;
- Wild and Scenic Rivers Act of 1968, as amended;
- National Historic Preservation Act of 1966, as amended;
- Resource Conservation and Recovery Act of 1975, as amended; and
- Safe Drinking Water Act of 1974, as amended.

DOE shall determine whether any other Federal statutes or regulations apply to the Project as proposed or to any alternative required to be analyzed in the EIS. SE Group shall take into account the effects of such requirements in its analysis of the specific or cumulative impacts on the environment.

3. Other Coordination Requirements: DOE may invite other parties, e.g., state or local governments, Indian tribes, other Federal agencies, etc., to participate in the EIS process as cooperating agencies, or may accept the request of such parties to participate in this manner, in which case, these parties will be included in the EIS coordination process, as provided in this MOU.

Certain aspects of the Project also fall within the jurisdiction of the New Hampshire Site Evaluation Committee (“SEC”) and other agencies. Northern Pass shall brief DOE on the status of the SEC process and other permitting requirements at any time requested by DOE and at such other times as Northern Pass may conclude it is appropriate.

4. Scope of Work: The scope of work shall consist of the DOE-recommended scope of the EIS, including, but not limited to, the preparation of both Draft and Final EISs with appropriate appendices, including, but not limited to, a summary, purpose and need for agency action, the range of reasonable alternatives, impacts to be considered, the issues to be analyzed, and

responses to comments by the public and cooperating agencies, typically but not necessarily in the form of a Comment Response Document, the preparation of a scoping summary document, and the preparation and maintenance of an official Administrative Record.

All portions of the EIS shall be subject to independent review and verification of data and analyses by DOE. DOE will write all decision documents, but DOE may request SE Group to review those documents for technical accuracy.

The scope of work shall also, and with appropriate consideration in the Agreement, include the creation, establishment, and maintenance of a regularly updated Project website with provision for submittal of electronic comments and attachments by the public and other interested parties. The documents contained on the website shall include those related to the preparation of the Draft and Final EISs, as well as all documents related to the Presidential permit administrative process as provided by DOE. Said website shall remain active and readily accessible until otherwise directed by DOE, but in any case not beyond a reasonable period of time in months subsequent to the issuance of the DOE Record of Decision.

5. Coordination Meetings: SE Group, Northern Pass, and DOE shall participate in coordination meetings, as needed and as appropriate, in order to review the status of the preparation of the EIS or to conduct real-time in-person working sessions.
6. Public Meetings and Hearings, Comments, Document Preparation, and Record of Decision: DOE shall be responsible for organizing and conducting any public meetings and hearings required by 40 C.F.R. Part 1500 et seq. SE Group shall provide technical support, including facilities for such meetings, transcription of proceedings, and related tasks. DOE shall provide to SE Group all of the comments that are received during the public review and comment periods; SE Group shall be responsible for tracking, tabulating, and documenting the

comments received in the manner directed by DOE. SE Group shall advise DOE of those issues and comments that SE Group believes require response and shall be responsible for proposing initial responses to all comments and issues, including those identified by DOE. SE Group shall have primary responsibility for drafting a scoping summary report, writing all chapters of both the Draft and Final EIS, and for drafting initial and final responses to comments received on the Draft EIS. DOE shall have final approval of issues and comments addressed in the EIS, and SE Group shall prepare the necessary final responses. DOE shall have sole responsibility for the preparation of any Record of Decision.

7. Preliminary, Draft and Final Documents: SE Group shall provide DOE with the preliminary Draft EIS in a timely manner, in whole or in part as the work progresses, as directed by DOE. DOE shall review the preliminary Draft EIS or portions thereof and provide its comments to SE Group, and SE Group shall incorporate these comments and changes into the Draft EIS to the satisfaction of DOE. The Draft and Final EIS shall be subject to reviews and revisions by DOE prior to DOE approval; such revisions shall be implemented by SE Group to the satisfaction of DOE.

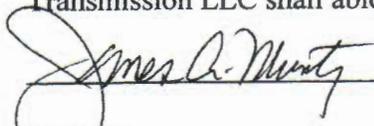
8. Document Printing and Distribution: SE Group shall be responsible for reproducing copies of all EIS documents for DOE review, and also in electronic format on CD or DVD, as well as providing the camera-ready Draft and Final EIS. SE Group shall also provide electronic versions of the Draft and Final EIS that comply with DOE's guidance titled "*Procedures for Submitting Documents for Posting on the DOE NEPA Website*," August 2008. SE Group shall be responsible for the printing and general distribution of the Draft and Final EIS.

9. Public Availability of Documents: SE Group shall assist DOE with the public availability of documents by establishing an internet website, as noted above in paragraph III.4,

that would include access to all pertinent documents, maps, analyses, etc., of public interest as provided or directed by DOE; the site shall be updated regularly as appropriate in keeping up with the progress of the NEPA process and the Presidential permit administrative process. (See also paragraph III.8 above.)

10. Termination: This MOU may be unilaterally terminated by DOE for any reason or in the event of a decision by Northern Pass to withdraw its application for a Presidential permit or to discontinue the development of the Project. Upon termination of this MOU or completion of the EIS, Northern Pass shall have equivalent rights as DOE to the information and work completed by SE Group to date, whether preliminary or final.

I, James A. Muntz, as a duly authorized representative of Northern Pass Transmission LLC, holding the position of President of Northern Pass Transmission LLC, agree that Northern Pass Transmission LLC shall abide by the provisions of this MOU.



Signature

8-5-2011

Date

I, Kent Sharp, as a duly authorized representative of SE Group Associates, Inc., holding the position of Principal, agree that SE Group and the SE Group Team shall abide by the provisions of this MOU

Signature

Date

I, Anthony J. Como, as an authorized representative of DOE, holding the position of Director, Permitting and Siting, Office of Electricity Delivery and Energy Reliability, agree that DOE shall abide by the provisions of this MOU.

Signature

Date

I, James A. Muntz, as a duly authorized representative of Northern Pass Transmission LLC, holding the position of President of Northern Pass Transmission LLC, agree that Northern Pass Transmission LLC shall abide by the provisions of this MOU.

Signature

Date

I, Kent Sharp, as a duly authorized representative of SE Group ~~Associates, Inc.~~, holding the position of Principal, agree that SE Group and the SE Group Team shall abide by the provisions of this MOU



Signature

August 5, 2011

Date

I, Anthony J. Como, as an authorized representative of DOE, holding the position of Director, Permitting and Siting, Office of Electricity Delivery and Energy Reliability, agree that DOE shall abide by the provisions of this MOU.

Signature

Date

I, James A. Muntz, as a duly authorized representative of Northern Pass Transmission LLC, holding the position of President of Northern Pass Transmission LLC, agree that Northern Pass Transmission LLC shall abide by the provisions of this MOU.

Signature

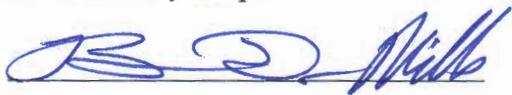
Date

I, Kent Sharp, as a duly authorized representative of SE Group Associates, Inc., holding the position of Principal, agree that SE Group and the SE Group Team shall abide by the provisions of this MOU

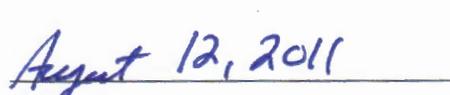
Signature

Date

I, Brian D. Mills, as an authorized representative of DOE, holding the position of Director, Permitting and Siting, Office of Electricity Delivery and Energy Reliability, agree that DOE shall abide by the provisions of this MOU.



Signature



Date