

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2017-00232

February 21, 2019

CENTRAL MAINE POWER COMPANY,
Request for Approval of CPCN for the New
England Clean Energy Connect Consisting
of the Construction of a 1,200 MW HVDC
Transmission Line from the Québec-Maine
Border to Lewiston (NECEC) and Related
Network Upgrades

STIPULATION

STIPULATION

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ATTACHMENTS

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Attachment B: NECEC Transfer Agreement

Central Maine Power Company (“CMP” or the “Company”), the Maine Office of the Public Advocate (the “OPA”), the Governor’s Energy Office, Industrial Energy Consumer Group (the “IECG”), Conservation Law Foundation (“CLF”), Acadia Center, Western Mountains & Rivers Corporation (“WMRC”), City of Lewiston, Maine State Chamber of Commerce (“Chamber”), and International Brotherhood of Electrical Workers (“IBEW”)¹ (collectively referred to as the “Stipulating Parties”) agree and stipulate as follows:

I. PURPOSE

The purpose of this Stipulation is to achieve an agreed upon resolution of CMP’s Petition for Certificate of Public Convenience and Necessity (“CPCN”) for the New England Clean Energy Connect transmission project (“NECEC” or the “Project”). The Stipulating Parties agree that a “public need” exists for the NECEC as specifically described in Section IV.A, Paragraph 1 below and listed in **Attachment A** under Maine law, including 35-A M.R.S. § 3132 and Chapter 330 of the Commission’s Rules and, therefore, the Commission should grant a CPCN for the Project in accordance with the terms and conditions provided in this Stipulation.

The Stipulating Parties further agree that the construction of the NECEC in accordance with the terms and conditions set forth in this Stipulation is in the public interest because the Project and the hydropower it will deliver from Québec to New England will provide, at no cost to Maine electricity customers, (i) lower electricity supply prices and, by reducing reliance on fossil fuel generation, material energy price protection

¹ Additional parties including the Town of Wilton and the Town of Farmington are still considering whether to join the Stipulation. If they do join, the Stipulating Parties will supplement the Stipulation with additional signature pages from the joining parties.

in natural gas price spike events; (ii) increased reliability for Maine and the ISO-New England (“ISO-NE”) region, by delivering baseload energy to replace retiring baseload resources, as well as other reliability benefits associated with the NECEC’s providing an additional intertie between ISO-NE and Québec and transmission system upgrades associated with the NECEC; (iii) significant carbon dioxide emission reductions as a result of the Project including the increased use of electric vehicle and heat pump programs in Maine, among others, funded pursuant to this Stipulation, which advance Maine’s progress toward its long-term greenhouse gas (“GHG”) emissions reductions goals; and (iv) significant other benefits including a rate relief fund, a low-income customer benefits fund, and a broadband benefits fund, among other benefits.

The Stipulating Parties recognize that there are additional benefits to Maine associated with the NECEC memorialized in agreements in addition to this Stipulation. In addition, the Stipulating Parties also recognize that the environmental impacts of the Project will be determined by agencies other than the Commission including but not limited to the Maine Department of Environmental Protection (“MDEP”), the Maine Land Use Planning Commission (“LUPC”), and the United States Army Corps of Engineers (“USACE”).

This Stipulation is the result of extensive settlement negotiations and discussions among CMP, the other Stipulating Parties, and Commission Staff. The Stipulating Parties recommend that the Commission approve the provisions as set forth below.

The provisions agreed to in this Stipulation have been reached as a result of fair, open, and transparent settlement negotiations based on information presented in this proceeding and gathered through discovery and discussions among CMP and the

intervening parties, including the Stipulating Parties, and Commission Staff.² The Stipulating Parties represent a broad spectrum of interests and constitute many of the active participants in the proceeding.

II. PROCEDURAL BACKGROUND

The procedural history of this proceeding is presented below.

A. CMP's Response To The Section 83D RFP

1. On March 31, 2017, the Massachusetts electric distribution companies (the "Massachusetts EDCs"), in coordination with the Massachusetts Department of Energy Resources ("MA DOER"), issued the Section 83D RFP, requesting proposals from clean energy generation³ and associated transmission to enter into contracts of 15 to 20 years duration with the Massachusetts EDCs to meet Massachusetts' statutorily required annual procurement of 9.45 TWh (the "Section 83D RFP" or the "RFP"). The RFP set a July 27, 2017, deadline for parties to submit bid proposals.

2. On July 27, 2017, CMP and Hydro Renewable Energy, Inc. ("HRE"),⁴ submitted joint bids offering two different NECEC configurations.⁵ Under the terms of the

² The Commission Staff indicated as part of the settlement process that it takes no position on the Stipulation and will present its recommended decision on the issues presented in this proceeding and on the Stipulation in an Examiners' Report.

³ Under the terms of the RFP, "Clean Energy Generation" includes the following: (i) firm service hydroelectric generation from hydroelectric generation alone; (ii) new Massachusetts Class I RPS eligible resources that are firm up with firm service hydroelectric generation; and (iii) new Massachusetts Class I RPS eligible resources.

⁴ HRE was proposed as a new U.S. affiliate of Hydro-Québec created for purposes of the Section 83D RFP. Ultimately, Hydro-Québec decided to have its existing U.S. affiliate, H.Q. Energy Services (U.S.), Inc. ("HQUS") serve as the counterparty for the NECEC PPAs and TSAs. Hereinafter HRE is referred to as HQUS.

⁵ The joint bids proposed either (1) 1,090 MW of Incremental Hydropower Generation provided by HQ Production or (2) 300 MW of new Massachusetts Class I Renewable Portfolio Standard ("RPS") eligible wind generation resources to be constructed by the NECEC Wind Developer firm up with Incremental Hydropower Generation provided by Hydro-Québec Production, the business unit within Hydro-Québec

RFP and the Massachusetts Energy Diversity Act, winning bids recover supply costs from the Massachusetts EDCs through long-term power purchase agreements (“PPAs”) and, as applicable, transmission-related costs through FERC-approved transmission service agreements (“TSAs”).⁶

B. CPCN Petition

3. On September 27, 2017, CMP filed the Petition and associated Exhibits NECEC-1 through NECEC-15 requesting that the Commission issue a CPCN for the NECEC.

The Petition asserted, among other things:

- a. The NECEC is a high voltage direct current (“HVDC”) transmission line capable of delivering 1,200 MW of electricity from Québec, Canada to the New England Control Area, and consisting in its entirety of (1) 207 miles (145.3 miles in Maine) of +/- 320 kV overhead HVDC transmission line that will run between the existing Appalaches Substation in Thetford Mines, Québec and a new HVDC converter station approximately 1.6 miles from the existing CMP Larrabee Road Substation in Lewiston, Maine; (2) new HVDC converter stations at both ends of the line; and (3) certain upgrades to the existing high voltage alternating current (“AC”) New England transmission system necessary to permit the interconnection of the NECEC to the New England Control Area at the existing Larrabee Road Substation consistent with the requirements of Section I.3.9 of the ISO-NE Transmission, Markets and Services Tariff (hereinafter referred to as Section I.3.9 Approval) and the Capacity Capability Interconnection Standard (“CCIS”) of the ISO-NE Open Access Transmission Tariff (“OATT”);
- b. CMP would develop, construct, and operate the NECEC transmission facilities located in Maine;

(footnote cont'd)

responsible for the production and marketing of wholesale energy and capacity for export (hereinafter “HQ Production”) and 790 MW of Incremental Hydropower Generation provided by HQ Production, and transmission rights for the remaining 110 MW of transmission capacity to use on a merchant basis. *See* Petition at 2.

⁶ M.G.L. ch. 169 § 83D (2016); Section 83D RFP at 2-3.

- c. The NECEC constitutes the transmission component of the two joint bids for clean energy generation and associated transmission submitted by CMP and HQUS, in response to the RFP;⁷ and
- d. The NECEC would allow HQUS to use 1,090 MW of NECEC's transmission capacity to annually deliver up to 9.4 TWh of clean energy generation originating from hydropower generation facilities owned and operated by Hydro-Québec Production ("HQ Production"). The Petition also stated that HQUS had agreed to purchase transmission rights for the remaining 110 MW of transmission capacity on the Project to use on a merchant basis.

C. Intervenor

4. On October 3, 2017, the Hearing Examiners issued a Notice of Proceeding that provided all interested persons with the opportunity to file a petition to intervene in this matter on or before October 13, 2017.

5. The Commission received seven timely-filed petitions to intervene. The Hearing Examiners granted all such petitions at the October 19, 2017 initial case conference and by subsequent procedural order dated October 25, 2017. The intervenors in this proceeding that filed timely petitions to intervene include: OPA, CLF, Ms. Dorothy Kelly ("Dot Kelly"), IECG, Maine Renewable Energy Association, Natural Resources Council of Maine ("NRCM"), and WMRC.

6. The Commission also received numerous late-filed petitions to intervene. The Hearing Examiners granted all such requests for intervention on either a mandatory or discretionary basis by procedural orders dated November 27, 2017; March 28, 2018; April 27, 2018; August 28, 2018; September 6, 2018; October 2, 2018; October 11, 2018;

⁷ The Petition described the two different joint-bids that were submitted as different configurations of the NECEC Project. The first bid was a Hydro and Wind Solution, and the second bid was a 100% Hydro Solution. As discussed below, the Massachusetts EDCs, in consultation with the MA DOER, selected the NECEC 100% Hydro Solution as the lone winning bid in the RFP. Accordingly, this summary hereinafter only refers to the 100% Hydro Solution bid.

October 15, 2018; and October 29, 2018. The intervenors in this proceeding that submitted late-filed petitions to intervene include: The Governor’s Energy Office, NextEra Energy Resources (“NextEra”), RENEW Northeast, Inc. (“RENEW”); Calpine Corporation (“Calpine”), Vistra Energy Corporation (formerly known as Dynegy Inc.) (“Vistra”), and Bucksport Generation LLC (“Bucksport”) (Calpine, Vistra and Bucksport hereinafter collectively referred to as the “Generator Intervenors”); Acadia Center; Friends of Maine Mountains; ReEnergy Biomass Operations LLC (“ReEnergy”); IBEW; City of Lewiston; Town of Caratunk; Town of Farmington; Greater Franklin Development Council; Maine State Chamber of Commerce; Trout Unlimited; Senator Thomas Saviello; Mr. Darryl Wood; Town of Alna; Town of Wilton; Town of New Sharon; Town of Jackman; Old Canada Road Scenic Byway, Inc.; and Franklin County Commissioner Terry Brann. In all instances in which the Hearing Examiners granted a late-filed petition to intervene on a discretionary basis, intervention was conditioned on the party’s “taking the case as they find it with respect to discovery.”⁸

D. Intervenor Testimony, Updates Regarding the Status of the NECEC RFP Bid and London Economics International Report

7. On January 12, 2018, CMP supplemented its Petition by submitting an Electric and Magnetic Fields (“EMF”) Study for the NECEC, prepared by Dr. William Bailey of Exponent. Dr. Bailey’s report was submitted as Exhibit NECEC-16.

8. On January 26, 2018, Dot Kelly submitted intervenor testimony.

9. On January 31, 2018, the Hearing Examiners issued a procedural order temporarily suspending the proceeding on the basis that the Massachusetts EDCs did not

⁸ See, e.g., Procedural Order – Granting Late-Filed Petitions to Intervene at 1-2 (Oct. 29, 2018).

initially select NECEC as the Section 83D RFP winning bid. In that same order, the Hearing Examiners sought comments from the parties on whether to dismiss or suspend the proceeding.

10. On February 17, 2018, CMP submitted a letter informing the Commission that the Massachusetts EDCs, in consultation with the MA DOER, had selected the NECEC 100% Hydro Solution as the alternative winning bid in the RFP, and that the Massachusetts EDCs would move forward with the 100% Hydro Solution, provided that the NECEC had negotiated acceptable contract terms with the Massachusetts EDCs and the Northern Pass Hydro Project was not able to receive all necessary permitting from the New Hampshire Site Evaluation Committee by March 27, 2018.

11. On February 22, 2018, the Hearing Examiners issued a procedural order that lifted the temporary suspension and resumed the proceeding.

12. On March 28, 2018, CMP filed an additional letter informing the Commission of the MA DOER announcement that the Massachusetts EDCs had terminated the conditional selection of the Northern Pass Hydro Project as the Section 83D RFP winning bid, leaving the NECEC 100% Hydro Solution as the lone winning bid in the RFP. On that same day, the Hearing Examiners issued a procedural order setting a revised schedule for the remainder of the case through hearings.

13. On April 1, 2018, Dot Kelly submitted additional intervenor testimony.

14. On April 30, 2018, as permitted by the March 28, 2018 Procedural Order, the Generator Intervenors submitted direct intervenor testimony from Tanya L. Bodell, William S. Fowler, and James M. Speyer. In addition NextEra submitted intervenor

testimony from Christopher Russo and Stephen Whitley, and RENEW submitted intervenor testimony from Francis Pullaro.

15. On May 21, 2018, Commission Staff filed a report prepared by the Commission’s consultants, London Economics International LLC (“LEI”) entitled “Independent Analysis of Electricity Market and Macroeconomic Benefits of the New England Clean Energy Connect Project” (“LEI Report”). The LEI report was filed in lieu of a bench analysis.⁹

16. On June 13, 2018, the Massachusetts EDCs executed long-term TSAs and PPAs with CMP and HQUS respectively for the NECEC 100% Hydro Solution proposal.

E. CMP Rebuttal Testimony

17. On July 13, 2018, CMP filed Rebuttal Testimony from (1) Thorn Dickinson, Eric Stinneford, and Bernardo Escudero with associated Exhibits NECEC-16 through NECEC-26; (2) Chris Malone, Scott Hodgdon, and Justin Tribbet with associated Exhibits NECEC-27 through NECEC-30; and (3) Daniel Peaco, Douglas Smith, and Jeffrey Bower of Daymark Energy Advisors with associated Exhibit NECEC-31.¹⁰

⁹ Procedural Order – Clarification at 1 (May 24, 2018).

¹⁰ The TSAs that CMP executed with the Massachusetts EDCs are filed in the record as Exhibits NECEC-17 (Eversource TSA), NECEC-18 (National Grid TSA), and NECEC-19 (Unitil TSA). The additional TSAs that CMP executed with HQUS for the period after the TSAs with the EDCs expire and for the 110 MW that the EDCs did not contract for, are filed in the record as Exhibits NECEC-20 through NECEC-23. The executed PPAs are filed in the record as Exhibit NECEC-16 (National Grid PPA), and NEXRE-002-006 Attachment 1 (Eversource PPA) and Attachment 2 (Unitil PPA). On July 24, 2018, CMP submitted public versions of Exhibits NECEC-17 through NECEC-20 upon learning that the Massachusetts EDCs had publicly filed the same documents in ongoing proceedings before the Massachusetts Department of Public Utilities. On October 5, 2018, CMP filed corrected public versions of Exhibit NECEC-18 (National Grid TSA) and Exhibit NECEC-19 (Unitil TSA), known as Revised Supplemental Exhibit NECEC-18 and Revised Supplemental Exhibit NECEC-19, respectively.

F. Surrebuttal Testimony, Additional LEI Analysis and CMP Visual Renderings

18. On August 18, 2018, Tanya L. Bodell and William S. Fowler each filed Surrebuttal Testimony on behalf of the Generator Intervenors. Also on August 18, 2018, the following witnesses filed Surrebuttal Testimony on behalf of NextEra: (1) Christopher Russo; (2) Robert Stoddard; and (3) Stephen Whitley, Dan Mayers, and Francis Wang.

19. On September 10, 2018, in response to Mr. Stoddard's Surrebuttal Testimony on behalf of NextEra regarding the Minimum Offer Price Rule ("MOPR"), Commission Staff submitted a memorandum prepared by LEI entitled "MOPR Estimate for the New England Clean Energy Connect Transmission Project" and attached workbook ("LEI MOPR Memo"). Additional exhibits to the LEI MOPR Memo were filed by Commission Staff on September 19, 2018.

20. On September 18, 2018, in response to a request by Commission Staff, CMP filed visual rendering materials for the NECEC transmission line that the Company had previously filed with the MDEP.

21. On October 12, 2018, CMP filed the visual rendering slide deck and supplemental visual renderings that the Company referred to in the September 21, 2018 technical conference.

G. Hearings – Phase I

22. The Commission held evidentiary hearings regarding the NECEC on October 19, 2018 (LEI) and on October 22, 2018 (CMP witnesses Malone, Hodgdon, and Tribbet and NextEra witnesses Whitley, Wang, and Mayer).

23. On October 26, 2018, at the request of NextEra supported by other intervening parties, the Hearing Examiners suspended the remaining evidentiary hearings

until January 2019 in order to allow Commission Staff and intervening parties additional time to review and analyze the documents that CMP produced in response to ODR-014-004.¹¹

H. Supplemental Testimony and Additional Visual Renderings

24. On December 10, 2018, the Generator Intervenors filed Supplemental Testimony from Tanya Bodell and William Fowler regarding the MOPR analysis and other issues. NextEra also filed Supplemental Testimony from Christopher Russo and LEI filed a Supplemental MOPR Memo.

25. On that same day, at the request of Commission Staff, CMP filed additional visual renderings and visual impact documents that it had filed with the MDEP, LUPC and the USACE a few days prior.

I. Discovery and Public Comment

26. Written discovery was conducted and technical conferences were held after every phase of testimony, with the exception of the LEI MOPR Memo submitted by Commission Staff, which was only subject to a technical conference. Collectively, the parties and LEI responded to 58 sets of data requests and 33 sets of oral data requests, each containing multiple individual data requests. CMP, alone, responded to more than 600 data requests during the discovery process.

27. On September 12, 2018, CMP began data production in response to Commission Staff's follow-up questions to ODR-014-004. In total, CMP filed over 97,000

¹¹ ODR-014-004 included an initial data request and a series of follow-up questions from Commission Staff that sought all documents relied upon by the primary decision makers and senior management personnel of CMP or any of its affiliates when making the decision to submit the NECEC RFP proposal.

pages of documents in 18 data production rounds that occurred from September 12, 2018 through December 4, 2018.

28. The Hearing Examiners held 17 days of technical conferences throughout this proceeding on the following dates: November 28, 2017 (CMP testimony regarding the Petition); December 11, 2017 (CMP testimony regarding the Petition); April 5, 2018 (CMP testimony regarding the Petition); June 14, 19, 20, and 28, 2018 (Intervenor and LEI testimony); August 1 and 2, 2018 (CMP testimony regarding Rebuttal); September 6, 7, and 14, 2018 (Intervenor testimony regarding Surrebuttal); September 19, 2018 (LEI testimony regarding the MOPR Memo); September 21, 2018 (CMP testimony regarding the Visual Renderings); November 28 and 30, 2018 (CMP testimony regarding the ODR-014-004 Documents); and December 19, 2018 (Intervenor and LEI Supplemental Testimony).

29. The Commission convened three public witness hearings, each of which was noticed in advance by procedural order. The Commission held the first two public witness hearings on September 14, 2018 in Farmington and The Forks Plantation. The Commission held the third public witness hearing on October 17, 2018 at the Commission's offices in Hallowell. In total, the Commission heard approximately 14 hours of public comment and approximately 89 people provided oral and/or written testimony during the public witness hearings.

30. To date, approximately 1,000 public comments have been filed in the Commission's case management system in this docket.

J. Hearings - Phase 2

31. The Commission held the remaining evidentiary hearings on January 8, 2019 (Generator Intervenor witnesses Bodell and Speyer); January 9, 2019 (CMP witnesses

Dickinson, Stinneford and Escudero); January 10, 2019 (CMP witnesses Malone, Hodgdon and Tribbet, and Daymark witnesses Peaco, Smith and Bower); and January 11, 2019 (NextEra witnesses Russo and Stoddard; and Generator Intervenor witnesses Bodell and Fowler).

32. On January 14, 2019, the Hearing Examiners issued an order identifying specific issues for the parties to address in post-hearing briefs.

33. On January 19, 2019, the Hearing Examiners extended the deadline for opening post-hearing briefs to February 1, 2019, and similarly revised the remainder of the proceeding by extending each subsequent deadline by 7 days.

34. On February 1, 2019, CMP, OPA, IECG, Generator Intervenors, NextEra, CLF, NRCM, Acadia Center, Town of Caratunk, City of Lewiston, IBEW, Chamber, Dot Kelly, RENEW, and WMRC filed opening briefs and on February 13, 2019, CMP, OPA, IECG, Generator Intervenors, NextEra, Town of Caratunk, and Dot Kelly filed reply briefs.

III. RECORD

The record in this proceeding provides ample information on which the Stipulating Parties and the Commission may base their conclusions regarding the NECEC and this Stipulation. These materials include:

- CMP's Petition for CPCN, CMP's Rebuttal Testimony and all supporting exhibits and materials;
- Intervenor Direct, Surrebuttal, and Supplemental testimony submitted by intervening parties and supporting exhibits and materials;
- The May 21, 2018, September 10, 2018 and December 10, 2018 LEI reports;
- Responses to written and oral data requests and attachments to such responses that have been admitted into the record pursuant to the Procedural Orders dated October 24, 2018, February 4, 2019, and February 5, 2019;

- Transcripts of all technical conferences, public witness hearings and evidentiary hearings; and
- Post-hearing briefs and reply briefs.

IV. PARTIES AND SETTLEMENT PROCESS

To accept a stipulation, the Commission must find that:

- a. The Parties joining the stipulation represent a sufficiently broad spectrum of interests that the Commission can be sure that there is no appearance or reality of disenfranchisement;
- b. The process that led to the stipulation was fair to all parties;
- c. The stipulated result is reasonable and is not contrary to legislative mandate; and
- d. The overall stipulated result is in the public interest.¹²

The undersigned Stipulating Parties believe that each of these factors is satisfied through this Stipulation. The parties joining this Stipulation represent a broad spectrum of interests and many of the active participants in this proceeding.

The process that achieved this Stipulation was fair to all intervening parties, and all intervening parties had the opportunity to participate. CMP engaged in extensive settlement communications with numerous intervening parties and other interested stakeholders throughout the pendency of this proceeding. In addition, formal settlement conferences, noticed in advance by procedural order, were held on September 7, 2018, September 14, 2018, February 5, 2019, and February 12, 2019. Commission Staff participated in these settlement conferences, and no party objected to such participation.

¹² Chapter 110, § 8(D)(7).

As a result of these settlement discussions, the Stipulating Parties have resolved all issues between them in this proceeding, Commission Docket No. 2017-00232.

V. RECOMMENDED APPROVALS AND FINDINGS.

A. Certificate of Public Convenience and Necessity

1. Based upon the record in this case, the Stipulating Parties agree and recommend that the Commission issue an order which: (a) approves, accepts and adopts this Stipulation; (b) finds that a public need exists for the NECEC on the basis that the Project, including the hydropower deliveries from Québec to New England it will enable, provides (i) significant economic benefits for Maine and the ISO-NE region in the form of lower electricity supply prices, reduced reliance on fossil fuel generation, material energy price protection in natural gas price spike events, new jobs, increased gross domestic product, and property tax revenues to host communities in Maine; (ii) reliability benefits to Maine and the ISO-NE region, by delivering baseload hydropower to replace retiring baseload resources, as well as other reliability benefits associated with the NECEC's providing an additional inertia between ISO-NE and Québec and transmission system upgrades associated with the NECEC, all at no cost to Maine electricity customers; and (iii) significant carbon dioxide emission reductions as a result of the Project including the increased use of electric vehicle and heat pump programs in Maine, among others, funded pursuant to this Stipulation, which advance Maine's progress toward meeting its long-term GHG emissions reductions goals as set forth in Maine law;¹³ and (c) grants a CPCN for the

¹³ See Act to Provide Leadership in Addressing the Threat of Climate Change, P.L. 2003, Ch. 237, codified in the Maine Revised Statutes Title 38, Chapter 3-A.

NECEC permitting the construction of the Project in accordance with the terms of this Stipulation.

2. Specifically, the CPCN shall permit the construction of the transmission lines and substation components listed in **Attachment A** of this Stipulation, as either a core project element of the NECEC or a necessary transmission network upgrade associated with the NECEC, and shall further permit construction of any related additional transmission facilities that ISO-NE determines are necessary to meet the requirements of (i) Section I.3.9 of the ISO-NE's Transmission, Markets and Services Tariff; or (ii) the ISO-NE's CCIS, all at no cost to Maine electricity customers, without further Commission review in this docket or otherwise.

3. Beginning on July 1, 2019, and every three months thereafter until the NECEC is placed into commercial operation, NECEC LLC, as defined below, will file progress reports with the Commission summarizing any significant developments in the permitting, development and construction of the NECEC. These progress reports will (i) summarize the status of the system impact studies or other studies conducted by ISO-NE regarding the NECEC; (ii) identify all transmission network upgrades determined by ISO-NE as needed to permit the interconnection of the NECEC under the CCIS and Section I.3.9 of the ISO-NE Tariff; (iii) identify any federal, state or local permits or approvals received authorizing construction of the NECEC; and (iv) summarize the Project's progress towards completion.

B. CPCN Conditions

The Stipulating Parties further agree and recommend that the Commission Order granting the CPCN for the NECEC be conditioned on the following terms.

1. **NECEC Project Ownership:** CMP will transfer and convey the NECEC to NECEC Transmission LLC (“NECEC LLC”), a Delaware limited liability company that is a wholly owned subsidiary within the Avangrid Networks family of companies and is not a subsidiary of CMP.

a. **Transfer Agreement:** CMP and NECEC LLC will complete the transfer and conveyance of the NECEC in accordance with an agreement substantially in the form of the NECEC Transfer Agreement provided as **Attachment B** to this Stipulation. Under the terms of the NECEC Transfer Agreement, CMP will transfer and assign to NECEC LLC and NECEC LLC will assume:

- i. Certain real estate interests sufficient to construct and operate the High Voltage Direct Current (“HVDC”) transmission line between the Canada-United States border in Beattie Township, Maine and Lewiston, Maine together with land for the construction and operation of a converter station in Lewiston, Maine, together with real estate interests needed to construct and operate a 345 kV alternating current (“AC”) transmission line from the converter station to CMP’s substation at Larrabee Road, Lewiston, Maine, and together with certain land offered as compensatory mitigation for environmental permits related to the NECEC and the right to purchase additional land to access the converter station (the “Real Estate Interests”);
- ii. All land use permits, any outstanding land use permit applications, and other regulatory permits (the “Permits”) related to the NECEC;
- iii. The Transmission Service Agreements among CMP, the Massachusetts Electric Distribution Companies (“Massachusetts EDCs”) and H.Q. Energy Services (U.S.) Inc. (“HQUS”) (the “TSAs”);
- iv. All agreements executed by CMP with third party vendors and service providers in connection with the development and construction of the NECEC (“Third Party Vendor Agreements”) and certain agreements between CMP and HQUS, Hydro-Québec and WMRC (collectively the “Miscellaneous Agreements”); and
- v. Such other tangible and intangible assets related to the NECEC that CMP may possess including, without limitation, designs, plans and other work

product of CMP or vendors related to the NECEC, and intellectual property related to the NECEC (collectively, the “Related Assets”).

- b. NECEC Transfer Consideration: As consideration for the conveyance and transfer of the NECEC, including without limitation, the Real Estate Interests, the Permits, the TSAs, the Third Party Vendor Agreements, the Related Assets, and any goodwill of CMP related to the NECEC, NECEC LLC will pay CMP the sum total of **\$60,000,000**, payable in forty (40) equal installments of **\$1,500,000** each year commencing on the date the NECEC first achieves commercial operation (the “Commercial Operation Date” or “COD”) and continuing on each anniversary thereof. All payments by NECEC LLC to CMP under the NECEC Transfer Agreement will be disbursed by CMP as part of the NECEC Rate Relief Fund as set forth in Section V.B, Paragraph 5 below.
- c. CMP/NECEC LLC Service Agreement: Effective upon the transfer of the NECEC, CMP and NECEC LLC will enter into a service agreement substantially in the form of the Service Agreement provided as **Exhibit H** to the NECEC Transfer Agreement provided as **Attachment B** to Stipulation.
- d. Other NECEC Transfer Commitments:
- i. CMP and NECEC LLC agree to complete the transfer of the NECEC before construction of the NECEC commences.
 - ii. NECEC LLC will not participate in any money pooling arrangement, credit facility or other financing agreement with CMP without the prior approval of the Commission.
 - iii. CMP and NECEC LLC will make such accounting entries as are necessary in order to remove NECEC related development expenses from CMP’s books and accounts.
 - iv. NECEC LLC will put in place and maintain a guaranty by AVANGRID, Inc., or its successor, with respect to NECEC LLC’s payment obligations to

CMP under the NECEC Transfer Agreement and NECEC LLC's payment obligations for the Heat Pump Fund (Section V.B, Paragraph 7), the Dirigo EV Fund (Section V.B., Paragraph 8(a)), the Franklin County Host Community Benefits Fund (Section V.B., Paragraph 9) and the Education Grant Funding (Section V.B., Paragraph 10) for as long as such payment obligations exist; provided, however, that such guaranty may be terminated in the event that NECEC LLC obtains and maintains a credit rating from a nationally recognized rating organization that is satisfactory to the Commission in its discretion. NECEC LLC also agrees to grant a first priority security interest to CMP in NECEC LLC's payment rights under the HQUS Support Agreement or related Hydro-Québec guaranty or other credit support discussed in Section V, Paragraph 14 below for the purpose of funding the NECEC Low-Income Customer Benefits Fund and the NECEC Rate Relief Fund. NECEC LLC further covenants not to amend, fail to vigorously enforce, or waive any provision of the HQUS Support Agreement or any guaranty provided by Hydro-Québec or other credit support relating to HQUS's obligations under the HQUS Support Agreement in a manner that could impair any payment obligation of either entity to NECEC LLC.

- v. NECEC LLC and CMP will cooperate in good faith to facilitate access to the use of the NECEC transmission corridor for ATV, snowmobile and other recreational uses, consistent with applicable laws, regulations, ordinances, permits and licenses and CMP's generally applicable standards and practices.
- vi. NECEC LLC will not use CMP's brand name, reputation or customer relations to its benefit and will not engage in joint marketing or joint advertising with CMP at any time.
- vii. Maine transmission and distribution customers shall not be legally or financially responsible for any portion of NECEC LLC's revenue requirement for the NECEC Transmission Project accruing during at least the first 40 years of the useful life of the NECEC.
- viii. CMP and NECEC LLC will not take or support any action to modify the cost recovery mechanism applicable to the NECEC that would result in Maine transmission and distribution customers being legally or financially responsible for any portion of NECEC LLC's revenue requirement for the NECEC accruing during the first 40 years of the useful life of the project, without first obtaining Commission approval for such change.
- ix. Notwithstanding the foregoing, this Stipulation shall not prohibit Maine electricity customers from directly, or through a third party such as the Maine transmission and distribution utilities as approved by the

Commission or a Maine competitive energy provider as approved by the Commission, purchasing energy provided through the 110 MW of the NECEC transmission capacity not contracted for by the Massachusetts EDCs pursuant to the Section 83D RFP even if that purchase has the effect of directly or indirectly paying for a portion of the revenue requirement for the NECEC.

- e. NECEC Network Upgrades: As part of the NECEC, upgrades to certain of CMP's existing transmission facilities will be necessary in order to permit the interconnection of the NECEC to the transmission system administered by ISO-NE in accordance with Section I.3.9 and the Capacity Capability Interconnection Standard ("CCIS") of the ISO-NE Open Access Transmission Tariff (the "ISO-NE Tariff") (the "Network Upgrades"). NECEC LLC agrees to complete all such Network Upgrades determined by ISO-NE through the necessary studies (currently underway and scheduled for completion in Q-3 2019) to be necessary under Section I.3.9 and the CCIS of the ISO-NE Tariff to ensure a total transfer capacity at the Surowiec-South Interface of no less than 2,600 MW. NECEC LLC shall be financially responsible for all costs associated with the construction of the Network Upgrades in accordance with applicable ISO-NE Tariff provisions. Upon completion, the Network Upgrades shall remain the property of CMP, and CMP will be responsible for the operation and maintenance of such transmission facilities. These facilities shall be subject to Section V.B., Paragraph 1(d)(v, vi and vii) above.
- f. Affiliate Transactions: CMP and NECEC LLC agree to obtain Commission approval of all affiliate transactions related to the transfer, construction, operation or maintenance of the NECEC requiring approval under Maine law, including, without limitation, any interconnection agreement and affiliate

service agreements between NECEC LLC and any affiliate within the Avangrid family of companies. Any amounts charged to NECEC LLC for services provided by affiliates, including the Avangrid Service Company, will not count towards any annual cap on total affiliate charges applicable to CMP and other Avangrid affiliates within Maine. NECEC LLC, CMP and other affiliates may share employees, directors, officers and information as necessary for the construction, operation and maintenance of the NECEC.

- g. **Compliance Filing:** Prior to the commencement of construction of the NECEC, CMP and NECEC LLC will make a compliance filing which confirms completion of the transfer of the NECEC from CMP to NECEC LLC in accordance with the terms of this Stipulation and provides the AVANGRID Inc. guaranty and first priority security interest called for in Section V.B. Paragraph 1(d)(iv) above.

2. **Transmission Rates Customer Credit:** Effective with the 2019 rate change for transmission customers, CMP will provide a rate credit for RNS and LNS transmission customers totaling **\$1.005 million**. This credit represents the amounts paid in rates by RNS and LNS transmission customers for those portions of the transmission corridor necessary for the NECEC that have been included in FERC Account 105 for Plant Held for Future Use, plus carrying costs calculated using the FERC refund formula. In addition, upon the issuance of the CPCN for the NECEC, CMP will remove on a going forward basis all NECEC-related property from FERC Account 105 – Plant Held for Future Use.

3. **New Corridor Removed from Transmission Rates:** Upon the issuance of the CPCN for the NECEC, CMP will classify the unused portion of the transmission corridor

it has assembled from the Canada-United States border in Beattie Township to the Company's existing Section 222 transmission corridor as Non-Operating Property in Account 121 of FERC's Uniform System of Accounts until such time as CMP identifies with sufficient clarity a specific transmission project for development in such transmission corridor in accordance with applicable FERC precedent, regulations and standards. CMP agrees that it will not seek to recover the cost of this unused portion of transmission corridor through transmission rates by reclassifying the property as Plant Held For Future Use in Account 105 of FERC's Uniform System of Accounts or by any other means, unless the transmission project that will use this corridor is otherwise eligible for rate recovery in whole or in part from Maine retail customers pursuant to the then applicable FERC-approved transmission tariff.

4. **NECEC Low-Income Customer Benefits Fund:** NECEC LLC will establish a **\$50,000,000** NECEC Low-Income Customer Benefits Fund to fund one or more programs that benefit low-income energy customers in Maine in a manner designated by the OPA, in consultation with the Efficiency Maine Trust ("EMT") and the Governor's designee(s). NECEC LLC will fund the NECEC Low-Income Customer Benefits Fund by making annual payments to the program(s) identified by the OPA, in consultation with the EMT and the Governor's designee(s), of **\$1,250,000** beginning on the NECEC COD and continuing on each anniversary thereof for a period of forty (40) years. The NECEC Low-Income Customer Benefits Fund may be used to fund programs that are intended to reduce the amounts that low-income customers expend for electricity or other sources of energy and may include weatherization and household energy efficiency programs. In designating uses for these funds, the OPA, in consultation with the EMT and the Governor's designee(s),

may apply a preference for low-income energy customers located in the NECEC Host Communities. For purposes of this Stipulation, the “NECEC Host Communities” are defined as the municipalities and communities in which the NECEC Core Project Elements and Network Upgrades as identified in **Attachment A** are located and other municipalities and communities in Franklin and Somerset Counties materially impacted by the construction and operation of the Project.

5. **NECEC Rate Relief Fund**: NECEC LLC and CMP will establish a **\$140,000,000** NECEC Rate Relief Fund to be used to provide per kilowatt hour rate relief for retail electricity customers within CMP’s service territory. To fund the NECEC Rate Relief Fund, CMP will contribute the annual **\$1,500,000** transfer payments to be received from NECEC LLC under Section V.B, Paragraph 1(b) above. In addition, NECEC LLC will make annual contributions to the NECEC Rate Relief Fund of **\$2,000,000** beginning on the NECEC COD and continuing on each anniversary thereof for a period of forty (40) years. In addition, using commercially reasonable efforts CMP will each year seek to sell or otherwise monetize for maximum value the Environmental Attributes provided by HQUS in accordance with NECEC Support Agreement discussed below and contribute those funds to the NECEC Rate Relief Fund. CMP will then credit the **\$3,500,000** contributed annually to the NECEC Rate Relief Fund plus the proceeds from the sales of the Environmental Attributes, net of expenses to complete such sales, to CMP’s stranded cost account or such other account as the Commission may determine in the future will provide comparable per kilowatt hour sharing by all retail electricity customer classes within CMP’s service territory.

6. **Broadband Benefit:**

- a. CMP and NECEC LLC commit that the final design for the NECEC transmission lines will include the necessary facilities and equipment to provide additional fiber optic capacity on the NECEC HVDC transmission line and other AC transmission lines included within the Network Upgrades for the benefit of the State of Maine and in particular the NECEC Host Communities, with an estimated value of \$5,000,000.
- b. CMP and NECEC LLC further commit to construct the necessary fiber optic infrastructure to provide access to this fiber optic capacity at major road crossings or other appropriate access points along the NECEC project route, pursuant to the NECEC Support Agreement discussed in Section V.B, Paragraph 14 below.
- c. In consultation with ConnectME, the Governor's designee(s), OPA and HQUS, NECEC LLC will establish a \$10,000,000 NECEC Broadband Fund. The NECEC Broadband Fund will be funded by five (5) annual contributions of \$2,000,000 by HQUS starting on the NECEC COD. The NECEC Broadband Fund will be available to provide grants to support the implementation and maintenance of high speed broadband infrastructure in the host communities through which the NECEC transmission facilities run. This grant funding may be used for the following purposes:

- i. Payment of any and all costs to study the feasibility and, if commercially, technically and legally feasible, the implementation and construction of a fiber optic connection between the State of Maine and the fiber optic network serving Montreal, Province of Québec through NECEC, pursuant to the NECEC Support Agreement discussed in Section V.B, Paragraph 14 below, provided that no more than \$2,000,000 of the NECEC Broadband Fund may be used for these purposes;
- ii. Payment of legal, consulting and financial planning fees related to the establishment of public/private partnerships to expand the availability of high speed broadband in the host communities or ongoing project management required to expand and maintain the availability of high speed broadband in such communities including, but not limited to, providing broadband service to public buildings where citizens may access the service for personal or business use;
- iii. Payment of annual pole license fees in unserved and underserved areas; or
- iv. Payment of make-ready costs for utility poles in unserved and underserved areas.

7. **Heat Pump Benefit:** NECEC LLC will establish a **\$15,000,000** NECEC Heat Pump Fund for the installation in Maine of heat pumps, or other future efficient heating technologies that are as efficient, or more efficient, than the most efficient heat pumps agreed to by the OPA, the Governor’s designee(s), CLF, Acadia Center, and IECG in consultation with Efficiency Maine Trust (“EMT”). Program specifications, eligibility criteria and other details of the NECEC Heat Pump Fund will be developed on a collaborative basis by NECEC LLC, HQUS, OPA, the Governor’s designee(s), CLF, Acadia Center, and IECG in consultation with Efficiency Maine Trust (“EMT”) and may include a preference for targeted initiatives to reach low- and moderate-income individuals and communities in Maine. The NECEC Heat Pump Fund will be funded by HQUS and NECEC LLC as follows:

- a. Starting on the NECEC COD and annually on the first, second, third and fourth anniversaries thereof, HQUS will make annual contributions of \$2,000,000 to the NECEC Heat Pump Fund, pursuant to the NECEC Support Agreement discussed in Section V.B, Paragraph 14 below;
- b. On the fifth and sixth anniversaries of the NECEC COD, NECEC LLC will make annual contributions of \$2,000,000 to the NECEC Heat Pump Fund; and
- c. On the seventh anniversary of the NECEC COD, NECEC LLC will make a contribution of \$1,000,000 to the NECEC Heat Pump Fund.

8. **NECEC Electric Vehicle (“EV”) Funds:** NECEC LLC, in consultation with CLF, Acadia Center, OPA, the Governor’s designee(s), EMT and IECG, and with the support of HQUS, will establish two funds totaling **\$15,000,000** for the purpose of expanding the numbers of electric vehicles (“EVs”) in Maine and maximizing access and exposure in Maine to EVs and EV infrastructure. The two funds are described below.

- a. **The Dirigo EV Fund:** The Dirigo EV Fund will be used to provide: (1) rebates to defray the cost of workplace, multi-unit dwelling and other public vehicle charging installations in Maine; and (2) consumer rebates for the purchase of qualifying EVs by Maine residents. The Dirigo EV Fund will be managed pursuant to a written agreement between CLF, Acadia Center and the Governor’s designee(s) prepared in consultation with CMP and NECEC LLC. Funding for the Dirigo EV Fund will be provided through a contribution of **\$5,000,000** from NECEC LLC. At the election of CLF, Acadia Center and the Governor’s designee(s) NECEC LLC may make this contribution, either through a lump sum payment based on documented program needs or

through alternative annual contributions, established by CLF, Acadia Center, and the Governor's designee(s) beginning in the year in which NECEC LLC and Hydro-Québec receive all necessary permits and approvals to construct the NECEC and the interconnecting transmission facilities in Québec. In the event that CLF, Acadia Center and the Governor's designee(s) elect that the NECEC EV Fund be funded by a lump sum payment, CLF, Acadia Center and the Governor's designee(s) shall provide NECEC LLC with detailed written descriptions of any such initiatives or programs to be funded with any such lump sum payment, including details as to the magnitude and timing of the funding requirements of such initiatives or programs. NECEC LLC, CLF, Acadia Center and the Governor's designee(s) shall jointly select a party to design the rebate program and/or administer the distribution of the Dirigo EV Fund. NECEC LLC further agrees to reimburse the Dirigo EV Fund up to \$50,000 for the charges for such program design and/or administration related work. The programs or initiatives funded by the Dirigo EV Fund, where applicable, shall be designed to:

- i. facilitate competitive development of charging stations by third parties;
 - ii. coordinate with other policy programs including Volkswagen settlement Appendix D expenditures;
 - iii. include targeted initiatives to reach low- and moderate-income individuals and communities in Maine; and
 - iv. exclude transmission and distribution utility ownership of end use charging stations, except in cases of market failure.
- b. The Hydro-Québec EV Fund: The **\$10,000,000** Hydro-Québec EV Fund will be used to fund the deployment of a state-wide fast and ultra-fast public

charging infrastructure network for EVs in Maine. Hydro-Québec will collaborate with CMP, OPA, IECG the Governor’s designee(s), and other interested stakeholders in developing this network, which will enable Maine EV drivers and visitors to enjoy safe electric travel across the state, with the guaranteed availability of fast chargers at regular intervals of distance. This charging network will be compatible with other public networks already present in Maine and neighboring jurisdictions and will be operated and supported by Hydro-Québec. The Stipulating Parties will provide for public ownership of the equipment comprising, and general public access rights to reasonably use and enjoy, the EV charging infrastructure network developed pursuant to the Hydro-Quebec EV Fund, each for the useful of life of such equipment or charging infrastructure. The Hydro-Québec EV Fund will be funded through five payments of **\$2,000,000** by HQUS starting on the NECEC COD and annually on the first, second, third and fourth anniversaries thereof, pursuant to the NECEC Support Agreement discussed in Section V.B, Paragraph 14 below.

9. **Franklin County Host Community Benefits**: NECEC LLC will establish a **\$5,000,000** NECEC Franklin County Host Communities Fund for the benefit of communities in Franklin County. NECEC LLC will fund this fund through ten (10) annual payments of \$500,000 starting on the NECEC COD and continuing on each of the ensuing anniversaries of the COD. The NECEC Franklin County Host Communities Fund will provide grant funding to support the charitable mission of the Greater Franklin Development Council (“GFDC”), a 501(c)(3) economic and community development

organization operating for the benefit of Franklin County residents) including the marketing of the Franklin County region, workforce development, business retention, and entrepreneurial support. NECEC LLC and GFDC will administer the NECEC Franklin County Host Communities Fund on a collaborative basis, and funds will be disbursed through a grant process that requires applicants to demonstrate the availability of matching funds. Applications for projects to help low-income citizens of Franklin County will be given a priority.

10. **Education Grant Funding:** NECEC LLC will contribute \$6,000,000 for education-related grants and programs as follows:

- a. Once the NECEC receives all State of Maine permits and approvals, NECEC LLC will contribute \$1,000,000 to Maine Prime Technologies LLC at the University of Maine to fund research and development activities associated with marine wind generation technology commercialization;
- b. Starting on the NECEC COD, NECEC LLC will make ten annual contributions of \$500,000 to fund the following:
 - i. Internship programs and scholarships for needy Maine students to attend the University of Maine Farmington totaling \$1,000,000 over ten years (\$100,000 per year); and
 - ii. Vocational programs, scholarships and innovative training programs in the areas of math, science and technology for the School Districts within Franklin and Somerset Counties or such programs and scholarships for Maine Community Colleges that serve students from Franklin and Somerset Counties, totaling \$4,000,000 over ten years. The Stipulating Parties agree to establish a governing board for the (\$400,000 per year) administration and use of these funds. Such board shall include two representatives from school districts in Franklin County, two representatives from Somerset County, and three representatives designated by the Maine Governor.

11. **Mitigating NECEC's Impacts on Transmission System and Existing and Future Maine Energy Resources:**

- a. CMP and NECEC LLC agree to actively participate in all ISO-NE studies to determine the thermal, voltage and stability ratings for the Surowiec-South interface applicable upon the completion of the NECEC and, consistent with good utility practice, advocate to ISO-NE to maximize the stability rating and the total transfer capacity at the Surowiec-South interface after the completion of the NECEC so that such rating is as close as possible to the expected thermal and/or voltage limits (2812 MW and 2930 MW, respectively) for that interface. This advocacy (whether oral or in writing) will address the reasonableness of applicable study assumptions and planning criteria and the appropriate balance between system reliability and achievement of New England's clean energy public policy objectives and will occur through direct interaction with ISO-NE and at appropriate stakeholder and ISO-NE committee meetings.
- b. CMP, CLF, Acadia Center, the Governor's designee(s), OPA, IECG and other interested stakeholders (to be chosen by a process agreed to by CMP, CLF, Acadia Center and the Governor's designee(s)) will engage one or more mutually agreed-upon transmission consultant(s) to evaluate and report on a suite of potential transmission and non-wires solutions (including but not limited to large scale solar and storage), and their respective estimated costs, that would reduce existing and projected congestion at the Maine/New Hampshire Interface and at the Surowiec-South interface. The consultant(s) will be selected through a jointly developed request for proposals or other

agreed upon method that establishes minimum consultant qualifications, services sought, scope of study and solutions to be analyzed. CMP will pay for this study, the costs of which shall not exceed \$2,000,000, and the study shall be commenced once all applicable permits and approvals for the construction of the NECEC transmission project in Maine are received and Hydro-Québec receives all applicable permits and approvals for the construction of the interconnecting transmission facilities in Québec. CMP agrees that it will not seek to recover the costs of this study from electricity customers.

- c. For any cost effective and commercially viable transmission and non-wires solution(s) identified in the Maine/New Hampshire and Surowiec-South interface report prepared pursuant to Section V.B, Paragraph 11(b) above, CMP agrees (directly or through an Avangrid affiliate) to fully assess and pursue all available means of approval and cost allocation pursuant to the ISO-NE Tariff, including but not limited to as a Reliability Transmission Upgrade, a Market Efficiency Transmission Upgrade or a Public Policy Transmission Upgrade, or as part of any future solicitation for clean energy and transmission capacity. To the extent a viable mechanism is determined to fund such solutions, CMP further agrees to, directly or through an Avangrid affiliate, propose such solution(s) in any applicable competitive solicitation, including without limitation any solicitation conducted under the ISO-NE Tariff, and, if such proposal is selected in such solicitation, seek all necessary permits and approvals to implement such solution(s) in

accordance with the then terms of the ISO-NE Tariff. In pursuing the development of such cost effective and commercially viable transmission and non-wires solution(s), CMP and its parent company, Avangrid Networks, agree to bear commercial risk associated with the development of the project.

- d. Within one year of NECEC COD, CMP (directly or through an Avangrid affiliate) shall create and make available an annual electric transmission and distribution system report for public notice (subject to CEII provisions) which analyzes system needs that may potentially be met by non-wires alternatives (“NWAs”). This report will detail capacity and load by substation and circuit and identify corresponding growth-related investments being planned for. This report will also include a detailed description of CMP’s planning and decision-making processes related to NWAs during the year, including transparency into the application of its NWA suitability criteria. CMP will work to develop and implement systems and analyses that can provide heat maps that: (i) show where integration of distributed generation is least likely to require substantial upgrades (i.e., hosting capacity maps); (ii) show the electric load on the electric distribution system, including electric loads during peak electricity demand time periods; and (iii) highlight the most congested or constrained areas of the electric distribution system. Additionally, CMP will support policies and regulations that seek to evaluate NWAs against traditional transmission and distribution projects through (i) the use of competitive solicitations and (ii) the use of

compensation mechanisms that create incentives to place NWAs on an equal footing from a ratemaking perspective. Such tools and heat maps will be available within one-year after NECEC COD.

- e. The above commitments in this Paragraph 11 are conditioned on (i) a CPCN being granted for the NECEC, (ii) NECEC LLC receiving all other necessary permits and approvals for the NECEC including, but not limited to, those issued by the MDEP, the LUPC, the USACE and the MDPU, and (iii) Hydro-Québec receiving all applicable permits and approvals for the construction of the interconnecting transmission facilities in Québec.

12. **Commitment to Long-term Planning for Regional Decarbonization:**

- a. As part of a regional decarbonization collaborative comprised of CLF, Acadia Center, utilities, the Governor's designee(s), OPA, IECG and other stakeholders (to be chosen by a process agreed to by CLF, Acadia Center, the Governor's designee(s) and CMP), CMP and NECEC LLC agree to work with the collaborative to jointly select and hire a consultant to perform an analysis of the means by which the Northeast Region may achieve economy-wide decarbonization of zero emissions by 2050 as called for by the most recent report of the Intergovernmental Panel on Climate Change Special Report on Global Warming of 1.5°C. CMP agrees to contribute at least 50 percent of the cost of this study and associated selection process. This contribution to the study cost by or on behalf of CMP shall not exceed \$500,000. As a member of the collaborative, CMP (directly or through an Avangrid affiliate) will actively engage in a regional stakeholder process to introduce and receive input on

the analysis and assess potential actions by which state policymakers could advance decarbonization in each energy consumption sector. CMP agrees that it will not seek to recover the costs of this study or stakeholder process from electricity customers.

- b. CMP agrees to work (directly or through an Avangrid affiliate) with a stakeholder group made up of CLF, Acadia Center, the Governor's designee(s), OPA, IECG, and other stakeholders (to be chosen by a process agreed to by CMP, CLF, Acadia Center and the Governor's designee(s)) to research and develop a set of utility policies and actions, and state regulatory reforms, that can most effectively facilitate economy-wide decarbonization in the region, consistent with the analysis conducted pursuant to Section V.B, Paragraph 12(a) above. CMP (directly or through an Avangrid affiliate), will work with this stakeholder group to develop a consensus around these approaches, draft proposed regulatory and legislative provisions by which the consensus approaches can be authorized, and actively seek state approval and implementation of them.
 - c. The above commitments in this Paragraph 12 are conditioned on (i) a CPCN being granted for the NECEC and (ii) NECEC LLC receiving all other necessary permits and approvals for the NECEC including, but not limited to, those issued by the MDEP, the LUPC, the USACE and the MDPU.
13. **Securitization:** CMP, OPA, the Governor's Energy Office and IECG agree that electricity customers in Maine may benefit if the annual payments to the NECEC Low-income Customer Benefit Fund provided in Section V.B, Paragraph 4 and the annual payments to the

NECEC Rate Relief Fund provided in Section V.B, Paragraph 5 are leveraged through securitization. To facilitate the securitization of such payment streams, if possible, NECEC LLC, upon the NECEC COD, will establish a fund of **\$1,000,000** to be used to pay for any investment bank, investment advisor or consultant and/or legal fees incurred by OPA, the Governor's designee(s), IECG and CMP related to such securitization. In the event any of these funds are not needed to complete the securitization of either the NECEC Low-income Customer Benefit Fund or the NECEC Rate Relief Fund, any remaining balance will be disbursed to CMP to provide rate relief in accordance with Section V.B, Paragraph 5 above.

14. **HQUS Support Agreement:**

- a. In order to confirm HQUS's commitments herein, CMP, NECEC LLC and HQUS will enter a binding agreement enforceable under Maine law which reflects the following terms:
 - i. HQUS's commitment to provide CMP annually 400,000 MWh of environmental attributes related to deliveries of hydroelectric power to New England over the NECEC or otherwise (the "NECEC Environmental Attributes") for a twenty (20) year period starting in the first full year after NECEC COD. The NECEC Environmental Attributes shall mean any and all generation attributes under any and all other international, federal, regional, state or other law, rule, regulation, bylaw, treaty or other intergovernmental compact, decision, administrative decision, program (including any voluntary compliance or membership program), competitive market or business method (including all credits, certificates, benefits, and emission measurements, reductions, offsets and allowances related thereto) that are attributable, now or in the future, to the favorable generation or environmental attributes of Hydro-Québec hydropower generation resources including, but not limited to: (a) any such credits, certificates, benefits, offsets and allowances computed on the basis of the Hydro-Québec hydropower generation resources using renewable technology or displacement of fossil-fuel derived or other conventional energy generation; or (b) any certificates issued pursuant to the NEPOOL Generation Information System Operating Rules ("GIS") in connection with energy generated by the Hydro-Québec hydropower generation resources;

- ii. Hydro-Québec’s commitment to include sufficient fiber optic capacity in the Québec transmission facilities interconnecting to the NECEC to provide a fiber optic connection between the State of Maine and the fiber optic network serving Montreal, Province of Québec, subject to commercial, technical and legal feasibility;
 - iii. HQUS’s commitment to contribute \$10,000,000 to the NECEC Broadband Fund through five payments of \$2,000,000 starting on the NECEC COD and annually on the first, second, third and fourth anniversaries thereof and to share its expertise on broadband infrastructure;
 - iv. HQUS’s commitment to contribute \$10,000,000 to the NECEC Heat Pump Fund through five payments of \$2,000,000 starting on the NECEC COD and annually on the first, second, third and fourth anniversaries thereof;
 - v. Hydro-Québec’s commitment to share its expertise with respect to EV infrastructure in developing the programs and initiatives funded by the Hydro-Québec EV Fund for the benefit of the State of Maine;
 - vi. HQUS’s commitment to contribute \$10,000,000 to the Hydro-Québec EV Fund through five payments of \$2,000,000 starting on the NECEC COD and annually on the first, second, third and fourth anniversaries thereof;
 - vii. HQUS’s commitment to pay NECEC LLC annually \$3,500,000 beginning on the NECEC COD and continuing on each anniversary thereof for a period of forty (40) years in addition to all amounts due under the TSAs; and
 - viii. A guaranty from Hydro-Québec of HQUS’s payment obligations under the HQUS Support Agreement or such other appropriate credit support for such obligations as the parties to the HQUS Support Agreement agree.
- b. Prior to the commencement of construction of the NECEC, NECEC LLC will file the HQUS Support Agreement and the Hydro-Québec guaranty or other credit support with the Commission as a compliance filing in this docket.

15. **Maine Workers Preference**: All other factors being equal and consistent with applicable law and applicable labor agreements, NECEC LLC, and its contractors working on the construction of the NECEC will give preference to hiring Maine workers.

16. **Funding Commitments Conditions Precedent**: The funding commitments in Section V.B, Paragraphs 4, 5, 6, 7, 8(b), 9, and 10(b) above are conditioned on the NECEC achieving commercial operation.

C. Nontransmission Alternatives Findings

1. The Stipulating Parties further agree and recommend that the Commission find, based on the record in this proceeding, that no nontransmission alternative (“NTA”), whether large-scale generation, distributed generation, demand response resource, or conservation alternative, can feasibly substitute for the NECEC at a lower cost to Maine electricity customers. The NECEC will serve the public need by transmitting up to 1,200 MW of hydropower energy from Québec to New England effectively replacing retiring baseload generation, and providing the State of Maine with its first transmission interconnection with the vast Hydro-Québec hydropower generation system. No NTA has the technical capability, size or scale to satisfy this public need, and even if an NTA could meet this public need, no such alternative could so do at a lower total cost to Maine electricity customers, since no NECEC related costs will be borne by Maine electricity customers.

VI. ADDITIONAL STIPULATION TERMS

1. The execution of this Stipulation by any Stipulating Party shall not constitute precedent as to any matter of law or fact and, except as expressly provided herein, shall not foreclose any of the Stipulating Parties from making any contention or exercising any right,

including rights of appeal, in any other Commission proceeding or investigation, or any other trial or action.

2. The Stipulating Parties intend that this Stipulation be considered by the Commission for adoption as an integrated solution to the issues addressed herein which arose in the above-captioned proceeding and as otherwise presented in this Stipulation. The Stipulating Parties also intend that this Stipulation shall be null and void, and not bind the Stipulating Parties in the above-captioned proceeding, in the event the Commission does not adopt this Stipulation without material modification.

3. If not accepted by the Commission in accordance with the provisions hereof, this Stipulation shall not prejudice the positions taken by any Stipulating Party on these issues before the Commission in this proceeding and shall not be admissible evidence therein or in any other proceeding before the Commission.

4. Upon approval by the Commission, this Stipulation shall have the legal effect of a binding contractual agreement and shall not be amended without the written agreement of CMP, NECEC LLC, OPA, IECG, CLF, Acadia Center, the Governor's Energy Office, WMRC, City of Lewiston, Chamber, and IBEW.

5. All rights, commitments and obligations under this Stipulation shall be binding upon and inure to the benefit of the lawful successors or assigns of the applicable responsible entities identified herein. In the event that a responsible entity ceases to operate or legally exist without a successor or assign, the Stipulating Parties, in consultation with Commission Staff, will confer to identify an appropriate successor or assign in order that the purposes of this Stipulation may be achieved and, as necessary and appropriate, seek Commission approval of such successor or assign.

6. The Stipulating Parties agree that the record in support of this Stipulation includes: (a) this Stipulation, and (b) any and all confidential or public materials contained in the Commission's Administrative Record of Docket No. 2017-00232 as of this date, as set forth in Section III of this Stipulation.

7. The Stipulating Parties hereby waive any rights that they have under 5 M.R.S. § 9062(4) and Chapter 110, Section 8(F)(4) of the Commission Rules of Practice and Procedure to the extent necessary to permit Commission Staff to discuss this Stipulation and the resolution of the issues addressed in this Stipulation with the Commissioners, either before or at the Commission's scheduled deliberations, without providing to the Stipulating Parties an Examiners' Report or the opportunity to file Exceptions.

8. All Attachments referred to in this Stipulation are incorporated herein by reference and are intended to be considered as part of this Stipulation as if their terms were fully set forth in the body of this Stipulation.

9. In the event that the Stipulating Parties cannot agree on the implementation of necessary details related the administration or use of any of the funds described in Sections V.B, Paragraphs 4, 5, 6, 7, 8, 9, or 10 of this Stipulation, the Commission shall retain jurisdiction to interpret the binding contractual effect of such provisions in accordance with its authority under Maine law.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Stipulating Parties have caused this Stipulation to be executed by their respective attorneys or representatives, or have caused their lack of objection to be noted by the signature of their respective attorneys or representatives.

CENTRAL MAINE POWER COMPANY

By: 

By: 

MAINE OFFICE OF THE PUBLIC ADVOCATE

By: _____

GOVERNOR'S ENERGY OFFICE

By: _____

INDUSTRIAL ENERGY CONSUMER GROUP

By: _____

CONSERVATION LAW FOUNDATION

By: _____

IN WITNESS WHEREOF, the Stipulating Parties have caused this Stipulation to be executed by their respective attorneys or representatives, or have caused their lack of objection to be noted by the signature of their respective attorneys or representatives.

CENTRAL MAINE POWER COMPANY

By: _____

By: _____

MAINE OFFICE OF THE PUBLIC ADVOCATE

By: Barry J. Hobbins _____

Barry J. Hobbins, Public Advocate

GOVERNOR'S ENERGY OFFICE

By: _____

INDUSTRIAL ENERGY CONSUMER GROUP

By: _____

CONSERVATION LAW FOUNDATION

By: _____

IN WITNESS WHEREOF, the Stipulating Parties have caused this Stipulation to be executed by their respective attorneys or representatives, or have caused their lack of objection to be noted by the signature of their respective attorneys or representatives.

CENTRAL MAINE POWER COMPANY

By: _____

By: _____

MAINE OFFICE OF THE PUBLIC ADVOCATE

By: _____

GOVERNOR'S ENERGY OFFICE

By: Angela Monroe

INDUSTRIAL ENERGY CONSUMER GROUP

By: _____

CONSERVATION LAW FOUNDATION

By: _____

IN WITNESS WHEREOF, the Stipulating Parties have caused this Stipulation to be executed by their respective attorneys or representatives, or have caused their lack of objection to be noted by the signature of their respective attorneys or representatives.

CENTRAL MAINE POWER COMPANY

By: _____

By: _____

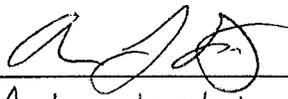
MAINE OFFICE OF THE PUBLIC ADVOCATE

By: _____

GOVERNOR'S ENERGY OFFICE

By: _____

INDUSTRIAL ENERGY CONSUMER GROUP

By:  _____
Andrew Landry
Counsel for IECG

CONSERVATION LAW FOUNDATION

By: _____

IN WITNESS WHEREOF, the Stipulating Parties have caused this Stipulation to be executed by their respective attorneys or representatives, or have caused their lack of objection to be noted by the signature of their respective attorneys or representatives.

CENTRAL MAINE POWER COMPANY

By: _____

By: _____

MAINE OFFICE OF THE PUBLIC ADVOCATE

By: _____

GOVERNOR'S ENERGY OFFICE

By: _____

INDUSTRIAL ENERGY CONSUMER GROUP

By: _____

CONSERVATION LAW FOUNDATION

By: 

ACADIA CENTER

By: Deborah Donovan

MAINE STATE CHAMBER OF COMMERCE

By: _____

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS

By: _____

CITY OF LEWISTON

By: _____

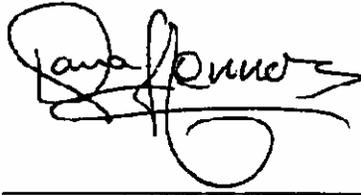
WESTERN MOUNTAINS & RIVERS
CORPORATION

By: _____

ACADIA CENTER

By: _____

MAINE STATE CHAMBER OF COMMERCE

A handwritten signature in black ink, appearing to read "Paula Penno", written over a horizontal line.

By: _____

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS

By: _____

CITY OF LEWISTON

By: _____

WESTERN MOUNTAINS & RIVERS
CORPORATION

By: _____

ACADIA CENTER

By: _____

MAINE STATE CHAMBER OF COMMERCE

By: _____

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS

By: Jan P. Buzgan

CITY OF LEWISTON

By: _____

WESTERN MOUNTAINS & RIVERS
CORPORATION

By: _____

ACADIA CENTER

By: _____

MAINE STATE CHAMBER OF COMMERCE

By: _____

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS

By: _____

CITY OF LEWISTON

By: Edward G. Burt

WESTERN MOUNTAINS & RIVERS
CORPORATION

By: _____

ACADIA CENTER

By: _____

MAINE STATE CHAMBER OF COMMERCE

By: _____

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS

By: _____

CITY OF LEWISTON

By: _____

WESTERN MOUNTAINS & RIVERS
CORPORATION

By: Fusion Water

TOWN OF WILTON

By: _____

FRIENDS OF MAINE

By: _____

TOWN OF FARMINGTON

By: _____

By: _____