

SCHEDULE 4

ENERGY IMBALANCE SERVICE – RECEIPT

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Transmission Provider's Control Area and a delivery schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider's Control Area over a single hour. The Transmission Provider must offer this service, to the extent it is physically feasible to do so from its resources or from resources available to it when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Generator Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area Operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly generator imbalances under this Schedule or penalty for hourly energy imbalances under Schedule 5 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other. The Transmission Provider shall establish charges for generator imbalance based on the deviation bands as follows: (i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of each month, at 100 percent of incremental or decremental cost, (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of incremental cost or 90 percent of decremental cost, and (iii) deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled at 125 percent of incremental cost or 75 percent of decremental cost, except that an intermittent resource will be exempt from this deviation band and will pay the deviation band charges for all deviations greater than the larger of 1.5 percent or 2 MW. An intermittent resource, for the limited purpose of this Schedule is an electric generator that is not dispatchable and cannot store its fuel source and therefore cannot respond to changes in system demand or respond to transmission security constraints.

Notwithstanding the foregoing, deviations from scheduled transactions in order to respond to directives by the Transmission Provider, a balancing authority, or a reliability coordinator shall not be subject to the deviation bands identified above and, instead, shall be settled financially, at the end of the month, at 100 percent of incremental and decremental cost. Such directives may include instructions to correct frequency decay, respond to a reserve sharing event, or change output to relieve congestion.

For purposes of this Schedule, incremental/decremental hourly price is established as follows, converted into Canadian dollars at the Bank of Canada noon exchange rate.

The incremental price and the decremental price are both determined by the same single value, called the Proxy Québec Price, which is derived by the following formula:

For every hour that the Transmission Provider's system is in a net export situation, the Proxy Quebec Price is equal to the lowest hourly price of the markets to which exports are flowing using the following three (3) market prices: (1) New York: the NYISO Real-time price (Zone M) less US\$0.16/MWh, less the applicable rate for the Transmission Provider point to point hourly transmission service, including applicable rates for ancillary services necessary to sell energy at the NYISO's Zone M; (2) New England: the ISO-NE Real-time price for Phase II (Sandy Pond) less US\$6.00/MWh, less the applicable rate for the Transmission Provider point to point hourly transmission service, including applicable rates for ancillary services necessary to sell energy at Sandy Pond ; and (3) Ontario: the ON interconnection hourly market price (HOEP adjusted for congestion at the ON Interconnection) less the applicable rate for the Transmission Provider point to point hourly transmission service, including applicable rates for ancillary services necessary to sell energy in Ontario

For every hour that the Transmission Provider's system is in a net import situation, the Proxy Quebec Price is equal to the highest hourly price of the markets from which imports are flowing using the following three (3) market prices: (1) New York: the NYISO Real-time price (Zone M) plus US\$4.50/MWh; (2) New England: the ISO-NE Real-time price for Phase II (Sandy Pond) plus US\$8.00/MWh ; and (3) Ontario: the ON interconnection hourly market price (HOEP adjusted for congestion at the ON Interconnection) plus CA\$5.00/MWh during on-peak hours and CA\$4.00/MWh during off-peak hours (as defined by NERC)

SCHEDULE 5

ENERGY IMBALANCE SERVICE – DELIVERY:

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly energy imbalances under this Schedule or a penalty for hourly generator imbalances under Schedule 4 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other. The Transmission Provider shall establish charges for energy imbalance based on the deviation bands as follows: (i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of the month, at 100 percent of incremental or decremental cost; (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of incremental cost or 90 percent of decremental cost, and (iii) deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 125 percent of incremental cost or 75 percent of decremental cost.

For purposes of this Schedule, incremental/decremental hourly price is established as follows, converted into Canadian dollars at the Bank of Canada noon exchange rate.

The incremental price and the decremental price are both determined by the same single value, called the Proxy Québec, which is derived by the following formula:

For every hour that the Transmission Provider's system is in a net export situation, the Proxy Quebec value is equal to the lowest hourly price of the markets to which exports are flowing using the following three (3) market prices: (1) New York: the NYISO Real-time price (Zone M) less US\$0.16/MWh, less the applicable rate for the Transmission Provider point to point hourly transmission service, including applicable rates for ancillary services necessary to sell energy at the NYISO's Zone M; (2) New England: the ISO-NE Real-time price for Phase II (Sandy Pond) less US\$6.00/MWh, less the applicable rate for the Transmission Provider point to point hourly transmission service, including applicable rates for ancillary services necessary to sell energy at Sandy Pond ; and (3) Ontario: the ON interconnection hourly market price (HOEP adjusted to congestion at the ON Interconnection) less the applicable rate for the Transmission Provider point to

point hourly transmission service, including applicable rates for ancillary services necessary to sell energy in Ontario.

For every hour that the Transmission Provider's system is in a net import situation, the Proxy Quebec value is equal to the highest hourly price for each of the markets from which imports are flowing using the following three (3) market prices: (1) New York: the NYISO Real-time price (Zone M) plus US\$4.50/MWh; (2) New England: the ISO-NE Real-time price for Phase II (Sandy Pond) plus US\$8.00/MWh ; and (3) Ontario: the ON interconnection hourly market price (HOEP adjusted to congestion at the ON Interconnection) plus CA\$5.00/MWh during on-peak hours and CA\$4.00/MWh during off-peak hours (as defined by NERC).