

Business Practices Document

Schedule 21- UES

(Issued on July 13, 2007)

Unitil Energy Systems, Inc.

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Section 2

Business Practices

I. Introduction

a. Purpose of Document

This Business Practices document contains the procedures used by Unitil Energy Systems, Inc. (UES) to provide transmission services pursuant to the Unitil Energy Systems's ("Transmission Provider" or "Company") Local Services Schedule 21, a schedule contained within Section II of the ISO-New England Open Access Transmission Tariff ("ISO-NE OATT"). These practices ("Business Practices") are intended to supplement and clarify the terms and conditions of service described in Schedule 21. Unless noted here as procedures implemented in compliance with the Federal Energy Regulatory Commission ("FERC") Order No. 890, to the extent there is a conflict between these Business Practices and the ISO-NE OATT, the ISO-NE OATT controls. Reading the information in these Business Practices does not relieve the Transmission Customer of the obligation to read and understand (a) the applicable Tariffs and Service Agreements, (b) ISO-NE Market Rule 1, (c) ISO-NE Manuals, (d) ISO-NE Standard Operating Procedures or associated business process requirements. All services provided and taken under any Tariff or Service Agreement are subject to the conditions and terms of the FERC approved tariffs regardless of the information contained in these Business Practices. The Company will be filing amendments to Schedule 21-UES in compliance with Order No. 890 on or before October 11, 2007. At that time these Business Practices may be modified according to the Company's Process for Amending Business Practices.

b. Overview of Transmission Service in New England

Effective February 1, 2005, ISO-NE began operating as the Regional Transmission Organization ("RTO") for New England. Transmission owning companies, as signatories to the Transmission Operating Agreement became Participating Transmission Owners (PTO) in this RTO. The governing document for providing transmission service in New England is the ISO New England Transmission, Markets and Services Tariff ("ISO-NE Tariff"). Section II of the ISO-NE Tariff, the ISO-NE OATT, provides the rates, terms and conditions for transmission service over the regional transmission system. Schedule 21 of Section II of the ISO-NE Tariff provides the rates, terms and conditions associated with providing transmission service over the PTOs' local transmission facilities. (Point-to-Point Service over the Phase I/II HVDC Transmission Facilities is provided for under Schedule 20a, as outlined in separate Business Practices for Schedule 20A.)

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a. Services applicable to these Procedures

[Schedule 21](#) of the ISO OATT contains the terms and conditions that are common for all local transmission services that are provided by the PTOs. Schedule 21-UES contains the Company's specific rates, terms and conditions for Local Service provided over the transmission facilities located within Company's service area. The Company offers Local Point-to-Point, both firm and non-firm, Network Service and Ancillary Service Schedule 1.

b. Additional Services Provided Under the ISO-NE Tariff

The ISO-NE OATT contains the terms and conditions for regional transmission services over the Pool Transmission Facilities that are provided by ISO-NE. Transmission Customers interested in obtaining any of the services offered over these facilities should refer to [Schedules 8 and 9](#) of the ISO-NE OATT.

Additionally, generators interested in interconnecting to the regional transmission system should refer to [Schedule 22](#) or [Schedule 23](#) of the ISO-NE OATT, which contains the terms and conditions that are common for all large generator interconnection services that are provided by the PTOs.

IV. Ancillary Services

Only one Ancillary Service is provided under Schedule 21. This service, Scheduling, System Control and Dispatch Service, is required to be taken by all customers taking service under the Company's Schedule 21. It is not necessary for customers to request this Ancillary service via the OASIS. The Transmission Customer will automatically be billed for Scheduling, System Control and Dispatch Service based on its transmission service request. Please note that the customer may be responsible for acquiring additional ancillary services under the ISO-NE Tariff, as a customer taking service under the ISO-NE OATT. See Schedules 2-7 of the ISO-NEOATT.

V. Procedures for Arranging for Transmission Service

In order to initiate service under this Schedule, an [Application](#) must be completed and forwarded according to the instructions provided in the Application, along with the information requested under the Company's Creditworthiness Policy. The Application will be reviewed according to the terms of Schedule 21-UES. The customer will be notified with any questions and a Service Agreement will be forwarded for execution once the Application has been deemed to be complete and the terms of the Creditworthiness Policy have been met

VI. OASIS

a. Services Available on OASIS

Due to its waiver from FERC Order 889, the Company does not provide requests for service

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The Company's OASIS Reservation Timing Requirements for Firm Local Point-to-Point Transmission Service are in accordance with the ISO-NE OATT, Section 5(a). The maximum and minimum lead times for requesting service are provided on the Company's [Transmission Provider Home Page on the New England OASIS node site](#).

d. Transmission Service Requests

Unitil Energy Systems, Inc. ("Unitil Energy") does not currently have any Transmission Customers and has filed no rate with the Federal Energy Regulatory Commission. Unitil Energy will develop a cost-based rate for any potential Transmission Customer, seeking service over Unitil Energy's facilities. Such a rate would be filed under Schedule 21 - UES of the ISO New England Inc. Open Access Transmission Tariff. Due to the Company's waiver from the requirements of FERC Order 889 to have an OASIS site, potential Transmission Customers should contact the Company's OATT Contact listed in Section IV b. above to request service.

e. Submittal Window

Order No. 890 at paragraph 1418 requires Transmission Providers that offer transmission services subject to "no earlier than" provisions in their OASIS Timing Requirements to adopt a submittal window to determine service request priorities. The transmission services under Schedule 21 of the OATT are subject to such a provision. Although nearly simultaneous submittals have not been experienced for services provided under Schedule 21, the Company is adopting a five minute window of time within which all requests will be deemed to have been submitted simultaneously.

Paragraph 1422 of Order No. 890 requires Transmission Providers to propose a method for allocating transmission capacity if sufficient capacity is not available to meet all transmission service requests submitted within the specified time period. The method being adopted by New England Transmission Providers is to allocate capacity for the longest duration requests on a pro-rata share based on the following order: pre-confirmed firm, firm, pre-confirmed non-firm and non-firm. If the total amount of pre-confirmed firm transmission service requests exceed the firm ATC, each pre-confirmed firm request will be multiplied by firm ATC and divided by the total amount of pre-confirmed firm requested capacity. If the total amount of pre-confirmed firm requests do not exceed ATC, then any remaining firm requests will be allocated similarly across remaining firm ATC. Non-firm requests would follow the same method for any remaining ATC.

f. Reassignment of Transmission Service (Resale)

Transmission Customers with Firm Local Point-to-Point transmission service rights may post those rights for resale once for each path (interface) used by the rights. Because transmission rights are assigned by Point of Receipt (POR) and Point of Delivery (POD), it is strongly recommended that customers posting their rights for resale include the POR and POD under

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1. Compensation to Resellers shall be at rates established by agreement with the Assignee;
2. The Assignee must execute a Service Agreement with the Transmission Provider prior to the date on which the reassigned service commences that will govern the provision of reassigned service (Prior to the execution of the Service Agreement, the Assignee must provide a completed Application to the Company and comply with the Company's Creditworthiness requirements);
3. All sales or assignments of transmission capacity must be conducted by contacting the Company's OATT Contact on or before the date the reassigned service commences;
4. The Transmission Provider shall credit or charge the Reseller, as appropriate, for any differences between the price reflected in the Assignee's Service Agreement and the Reseller's Service Agreement with the Transmission Provider.

g. Deposits

Under Schedule 21 of the ISO-NE OATT, the Transmission Provider can require a deposit at the time of Application for Transmission Service. Instead of a deposit, the Company may require advanced payment for service or other form of security from a Transmission Customer based upon the review of the Customer's creditworthiness under the Company's Creditworthiness Policy.

h. Discounts

Discounts are available for non-firm service provided under Schedule 21 and are offered at the sole discretion of the Transmission Provider on the OASIS. When a discounted transaction is confirmed by any customer, a simultaneous offer is made of the same discounted rate for the same period of time to all Eligible Customers on the same path serving the same point of delivery as the originally discounted service.

i. Posting Curtailments and Interruptions

Information on affected Transmission Reservation from Curtailments can be found by contacting the Company's OATT Contact.

j. Posting Scheduling Information

Information on Schedules from Transmission Reservations can be found here:

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these Business Practices. These current procedures will remain in effect until a revision of the Company's creditworthiness requirements is provided in Attachment L to Schedule 21, which will be filed at FERC as part of the Company's overall compliance filing for Order No. 890.

The Company's currently effective Creditworthiness Policy can be downloaded from:
[Transmission Provider Home Page on the New England OASIS node](#)

b. Services and Rates

The Company's transmission services and rates can be found at: [Transmission Provider Home Page on the New England OASIS node](#).

VIII. Designation of Network Resources

The New England market, as administered by the ISO-NE is subject to central dispatch and as such, does not require the identification of Network Resources for the day-to-day operation of the markets. Schedule 21 of the ISO-NE Tariff provides services consistent with the facilitation of the regional market and does not require an identification of Network Resources separate from that of ISO-NE as described in the Designation and Termination of Network Resource document provided at: http://oasis.iso-ne.com/documents/ferc_order_890.html

IX. Studies

a. Studies for Local Service

The Company performs local system and interconnection studies under Schedule 21 of the ISO-NE OATT. Studies performed either by the Company for service under this schedule or on behalf of the ISO are listed at:

http://www.unitil.com/nepool/nh/system_studies.asp

ISO-NE performs regional system studies that can be found at:

<http://www.iso-ne.com/trans/rsp/index.html>

b. Generator Interconnection Studies

ISO-NE administers interconnection studies in accordance with Schedule 22 and Schedule 23 of the ISO-NE OATT. A list of these studies can be found at:

http://www.unitil.com/nepool/nh/system_studies.asp

X. Methodologies for Transmission Capacity

a. TTC Methodology

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of day. However, it is posted with an ATC of "9999" to reflect the fact that there are no restrictions on these paths for commercial transactions

c. TRM Methodology

The TRM Methodology is described in Section 5 of the [ATC Methodology document](#).

TRM is the portion of TTC that cannot be used for reservation of firm transmission service because of uncertainties in system operation. It is used only for interfaces under the physical reservation system. The Company provides transmission service over their non-PTF facilities that are connected only to the New England system and they do not interconnect with other systems. Therefore, the Northeast Utilities Companies do not reserve Transmission Reliability Margin for these lines.

d. Capacity Benefit Margin

The CBM Methodology is described in Sections 6 of the [ATC Methodology document](#).

Wherever applicable, the administration of Schedule 21 - UES is consistent with the services provided under the ISO-NE OATT by ISO-NE. The Company provides transmission service over their non-PTF facilities that are connected only to the New England system and they do not interconnect with other systems. Therefore, the Company does not reserve Capacity Benefit Margin for these lines