



nationalgrid

Transitional Cluster Study Webinar

April 2026

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Spring Driving Awareness

Stay Alert as Seasons Change

Why this matters:

- Freeze-thaw cycles create potholes and uneven road surfaces
- Rain and lingering moisture increase stopping distances
- Low sun angles cause glare during morning and afternoon commutes



Safety reminders:



Slow down and allow extra following distance



Watch for potholes and standing water



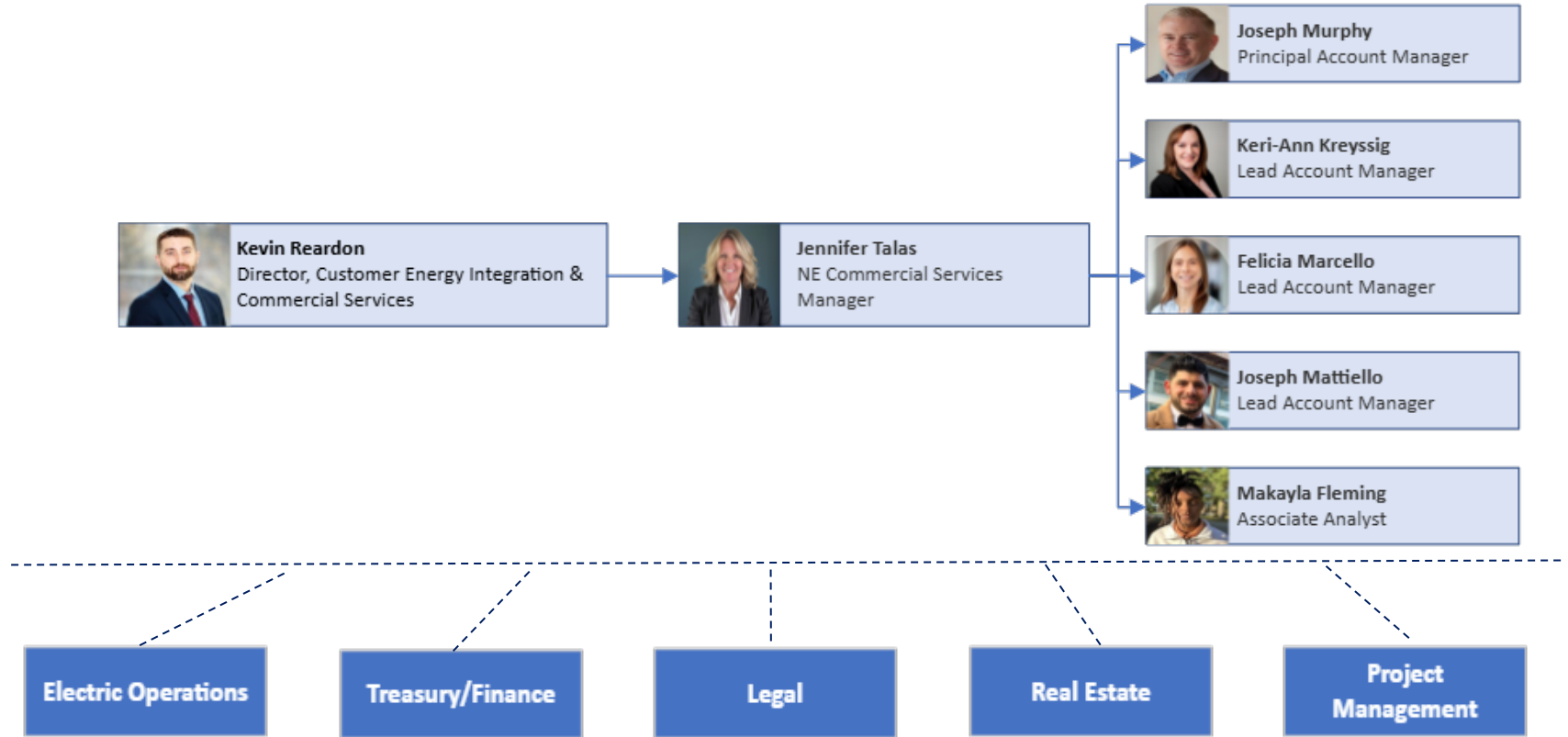
Keep windshields clean and use sunglasses to reduce glare



Stay focused and avoid distractions

Taking a few extra seconds on the road helps protect you and others.

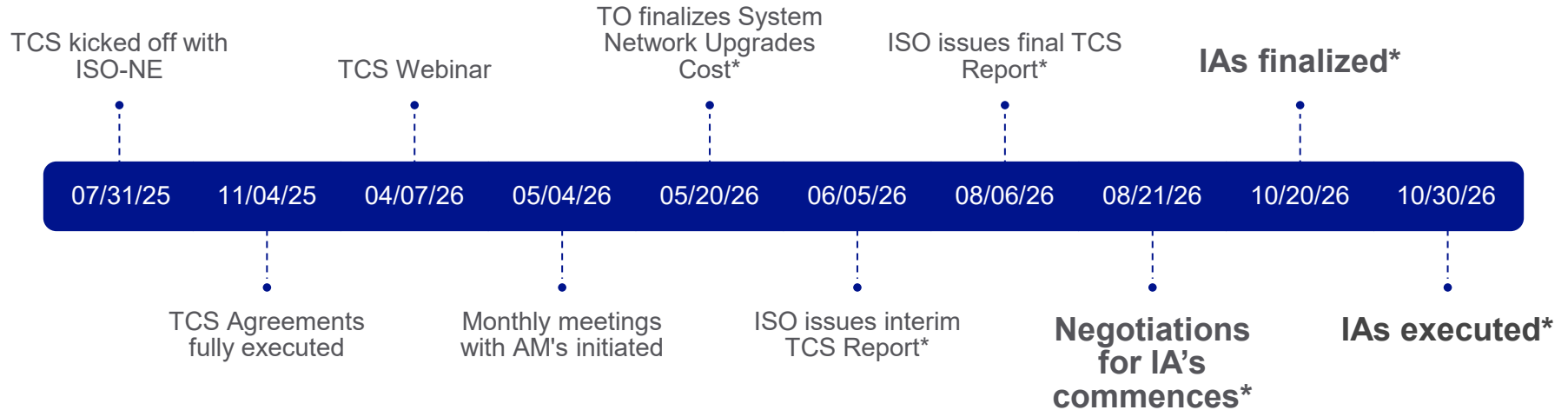
Commercial Services Department – Customer Organization NE



Commercial Services Account Managers and Associated Interconnection Projects

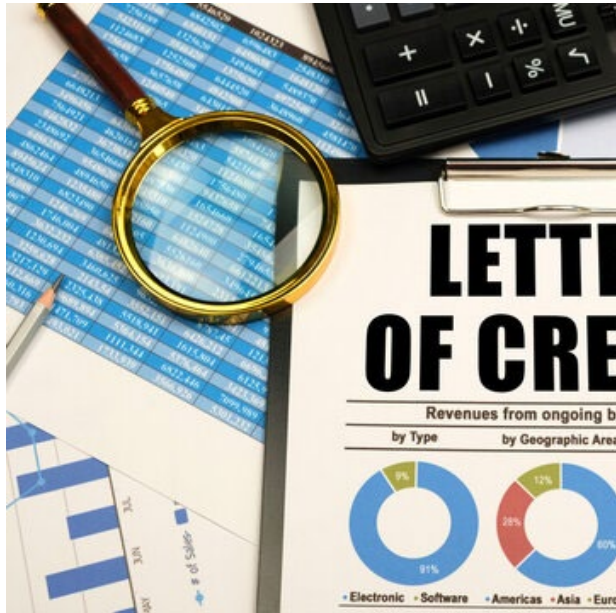
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Key Transitional Cluster Study (TCS) Dates



*Dates may be subject to change
AM = Account Manager
IA = Interconnection Agreement
TO = Transmission Owner

Project Financial Security - Keri-Ann Kreyszig



- The Customer must provide and maintain in effect an unconditional and irrevocable standby letter(s) of credit for the **Total Outstanding Obligation** in form and substance and issued by a bank acceptable to NEP (Sch. 21-NEP, Attachment L - Section 3.2.2).
- The face amount of any Letter of Credit, Guaranty, or any schedule of advance cash payments, provided or to be provided based on estimated amounts must be adjusted to reflect changes in estimated and/or actual amounts, as applicable, when such amounts become known (Sch. 21-NEP, Attachment L - Section 3.2.5).

Project Financial Security - Guaranty Requirements

- **Absolute and Unconditional Guaranty for Total Outstanding Obligation.**
- **Guaranty issued by a Parent or Affiliate.**
- **Must satisfy creditworthiness criteria in Section 3.2.1 and the Credit Limits in Section 7 of the Schedule 21-NEP, Attachment L Creditworthiness Policy.**
- **Template will be provided if needed.**

Project Financial Security – Letter of Credit Requirements

- Letter of Credit (LOC) to be issued on NEP template (Bank templates not accepted).
- Bank Requirements for LOC: *(From LGIA Special Conditions)*
 - U.S. Commercial Bank or U.S. Branch of Foreign Bank
 - \$10B in assets
 - Rating: A2 – Moody's Investors Services or A from Standard and Poor's Ratings Services
 - Customer needs to inform NEP in writing within five (5) calendar days of any material change in the financial condition of any entity providing security (LOC, Guarantor, etc.). Material Change = (a) reduction in credit rating, (b) placement on credit watch with negative implications by a recognized financial agency, or (c) a bankruptcy filing or declaration of or acknowledgement of insolvency.
 - Customer has ten (10) business days to issue new LOC if a material change occurs or must post cash security in lieu of LOC.

Negotiations for Interconnection Agreements – Letter of Credit



- **Three (3) Letters of Credit outlined in Milestones of LGIA.**
 - **First – Total Obligation of Project**
 - **Second – 4 months of estimated DAF Charges (LGIA Section F (e))**
 - **Third – Tax Liability (Milestone 9)**
 - **Can be combined in original LOC or issued separately.**
- **Letter of Credit to have NEP as Beneficiary with authority to draw drafts for the secured amount.**
- **Several Amendments to Total Obligation Letter of Credit as Project progresses. Customer is responsible for costs associated with each LOC and/or Amendments.**
- **Total Obligation / Face value of LOC will be allowed to be reduced thirty (30) days after cash prepayments received.**
 - **Account Manager assigned will advise of amount to reduce LOC by.**

Real Estate Standards/Permitting – Joe Murphy

- **Milestone 7B** - Obtain necessary real property rights and rights-of-way for the construction of a discrete aspect of the Interconnecting Transmission Owner's Interconnection Facilities and Network Upgrades
 - Includes land requirement for Ring Bus and Transmission Line taps
 - Four key considerations
 1. Location, location, location
 2. Characteristics of the land
 3. Environmental
 4. Non-environmental

Real Estate Standards/Permitting

Four key considerations

◦ Location

1. **Proximity to existing Transmission Lines**
2. Proximity to telecom facilities
3. **Availability of right of way for Transmission line substation access**
4. **Access from the public roads/highways**
5. Availability of Town water and sewer / septic system
6. Accessibility to transport heavy substation and construction equipment/enclosures.
7. Conflicts with railroad, transmission gas mains, other underground facilities, river crossings, and airport/flight paths.

◦ Characteristics

1. **Land provided to National Grid In Fee.**
2. **Parcel size of 290 feet by 220 feet (ring bus dependent)**
3. Clear land title and limitations
4. Current and prior land use
5. Site development needs (**topographical features** , tree clearing, grading, storm water and drainage)

◦ Environmental

1. Flood Plain Assessment
2. Climate resilience guidelines
3. Natural heritage and endangered species
4. Wetland impacts and mitigation
5. Contamination and landfills
6. Impacts to Water resources
7. Federal, State and Local environmental/cultural resource permitting needs including duration
8. Historic site use
9. Environmental justice items

◦ Non-environmental

1. Zoning and Ordinance
2. Permitting needs including duration
3. Abutters, community impacts (visual, audible, schools, daycare centers, playground)
4. Public safety and concerns

Pre-payments & Deposits – Felicia Marcello

- **The Interconnection Customer (IC) is responsible for all actual project costs incurred by the Interconnecting Transmission Owner (ITO) for engineering, design, and construction of the project**
- **Payments and deposits are tied to specific dates outlined in the Milestone Schedule**
- **Work will not proceed unless sufficient funds are available**
 - **If sufficient funds are not available, National Grid may need to draw on the Interconnection Customer's Letter of Credit or other security**
- **Actual costs may differ from Appendix C estimates; additional funds may be requested during the project, with a final reconciliation at completion**

Key Milestones

Milestone	Responsible Party	Timing	Invoice/Cost Expectation
Milestone 4 – LGIA Deposit	Interconnection Customer pays Transmission Owner	Due within 10 BD of LGIA execution	20% of the Network Upgrade costs, less CRD already paid
Milestone 7C – Notice to Proceed (NTP)	Interconnection Customer issues written NTP – Transmission Owner issues invoices	Issued in three phases – Design, Procurement, Construction	Three separate milestone payments to account for all project costs.
Milestone 8 – Provide Security	Interconnection Customer provides security to Transmission Owner	Security due at least 30 Calendar Days prior to design, procurement, and construction	Security Amount is reduced as cash payments are made
Milestone 10A/B – Procurement of Long Lead Materials	Interconnection Customer authorizes ordering	Aligns with NTP for Procurement	Per schedule of payments
Milestone 15A – Construction Start	Transmission Owner begins construction	Aligns with NTP for Construction	Per schedule of payments
Milestone 22 – Final cost Invoice	Transmission Owner issues final invoice	Within 6-months of construction completion	Final True up – additional invoice or refund

Payment Schedule Example

APPENDIX C – EXHIBIT 1
Estimated Annual NEP DAF² Charge
Transmission Assets

Milestone/Prepayment	Estimated Cost ³
Deposit – Milestone 4 (20% of Network Upgrades cost, less CRD)	\$ 500,000
Prepayment 1– Milestone 7C (1) Notice to Proceed with Design	\$ 4,500,000
Prepayment 2 – Milestone 7C (2) / 10A/B Notice to Proceed with Procurement	\$ 4,000,000
Prepayment 3 – Milestone 7C (3) / 15A Notice to Proceed with Construction/Construction Start	\$ 1,000,000
Prepayment 4 – Milestone 22 Final Cost Invoice	
Total	\$ 10,000,000

What Are Direct Assignment Facility Charges? - Joe Mattiello

Direct Assigned Facilities Charge (DAF):

A Direct Assignment Facility (DAF) charge refers to a recurring fee paid by an interconnection customer to the transmission owner for the ongoing use and maintenance of transmission or distribution facilities (non-PTF assets) that were specifically constructed or upgraded to support a customer's interconnection

The costs covered by this charge may include, but are not limited to:

- Capital carrying costs
- Operation and maintenance expenses
- Income taxes
- Depreciation
- Administrative and general expenses
- Property taxes

If NEP enters into an agreement to use or support facilities that are owned by another entity for the benefit of a Transmission Customer, any costs NEP incurs under that agreement will be assigned directly to that Transmission Customer.



Key Points



Purpose of Charges

These charges allocate costs fairly to customers who benefit from specific facility expansions and upgrades.

Calculation and Fees

Charges are calculated under Attachment DAF of Schedule 21 utilizing the carrying charge rate.

Impact on Customers

Charges help customers anticipate costs and manage budgets related to energy transmission services.

Billing and Adjustments

Charges start when facilities are in service, billed on forecast data with post-actual cost adjustments.

Example of DAF Charge

COMPONENT	WITH CIAC	WITHOUT CIAC
Total Project Cost	\$10,000,000	\$10,000,000
Network Upgrades	(\$500,000)	(\$500,000)
Total Gross Plant Investment (without tax gross up)	\$9,500,000	\$9,500,000
NEP Carrying Rate	4.5622%	13.7002%
Annual NEP DAF Charge	\$433,409	\$1,301,519

Metering and Related Equipment – Jennifer Talas

Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points.

INSTALLATION AND MAINTENANCE

The Interconnecting Customer (IC) is responsible for the cost of installing and maintaining metering and communication equipment including but not limited to metering equipment listed below. Unless otherwise agreed, all metering equipment shall remain the property of the Interconnecting Transmission Owner (TO).

- Instrument transformers
- MWh-meters
- data acquisition equipment
- transducers
- communications equipment
- remote terminal unit (RTU) and protection
- phone lines/fiber optics – IC is responsible for contacting Verizon/local communications company to arrange installation



TESTING

TO shall inspect and test all IC installed Metering Equipment upon installation and thereafter as specified in the ISO New England Operating Documents, Applicable Reliability Standards, or successor documents.

STATION SERVICE

The electricity a power plant or substation uses to operate its own equipment. If the load feed will not account for station service, the IC is responsible for contacting the local distribution company to arrange installation.

Metering and Related Equipment con't – Jennifer Talas

Reporting Generation Meter Data

Who determines who reports the metering data to the ISO?

The responsibility is determined jointly by the ISO, the Transmission Owner (National Grid) and the Market Participant

When is it determined who will report?

During the pre-operational review with the ISO but must be finalized prior to the In-Service Date. Please refer to ISO New England operating Procedure No 18 (OP-18) for additional info

What if my meter data being reported is incorrect?

Reach out to the Lead Participant, the party reporting data to the ISO. If National Grid, please reach out to ISO-MDS@nationalgrid.com with meter readings

Timelines for Settlement

45- day settlement

65- day settlement

Please find the metering and resettlement deadlines as well as info on how to contest the data:

[Metering and Resettlement Deadlines](#)

[Differences between Request for Billing Adjustments \(RBAs\) and Meter Data Error Requested Billing Adjustments \(MDE RBAs\) explained](#)



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Thank You