

REGULATED MONEY POOL AGREEMENT

This Regulated Money Pool Agreement (the "*Agreement*"), dated as of November 1, 2012, is made and entered into by and among National Grid USA ("*NGUSA*"), a Delaware corporation and a holding company under the Public Utility Holding Company Act of 2005, as amended (the "*Act*"), KeySpan Corporation ("*KeySpan*"), a New York corporation and a holding company under the Act and wholly owned subsidiary of NGUSA, National Grid USA Service Company, Inc. ("*NG USA Service Company*"), a Massachusetts corporation and a service company under the Act, National Grid Engineering & Survey Inc., a New York corporation and a service company under the Act, National Grid Electric Services LLC, and each of the following NGUSA regulated affiliates, The Brooklyn Union Gas Company ("*Brooklyn Union*"), KeySpan Gas East Corporation ("*Gas East*"), Boston Gas Company ("*Boston*"), Colonial Gas Company ("*Colonial*"), Massachusetts Electric Company ("*Mass. Electric*"), Nantucket Electric Company ("*Nantucket*"), The Narragansett Electric Company ("*Narragansett*"), New England Electric Transmission Corporation ("*NEET*"), New England Power Company ("*NEP*"), Niagara Mohawk Power Corporation ("*NiMo Power*"), New England Hydro-Transmission Electric Company, Inc. ("*Mass. Hydro*") and New England Hydro-Transmission Corporation ("*NH Hydro*") (each a "*Party*" and collectively, the "*Parties*").

WITNESSETH:

WHEREAS, the Parties desire to establish a money pool (the "*Regulated Money Pool*") to coordinate and provide for certain of their short-term cash and working capital requirements; and

WHEREAS, the Parties have determined that NG USA Service Company shall serve as the administrative agent ("*Administrative Agent*") for the Regulated Money Pool; and

WHEREAS, certain of the companies that will participate in the Regulated Money Pool (each a "*Member*" and collectively, the "*Members*") will from time to time have a need to borrow funds on a short-term basis, and certain of the Parties will from time to time have funds available to loan on a short-term basis; and

WHEREAS, NGUSA and KeySpan will be limited in their participation in the Regulated Money Pool to be authorized only to lend funds, from time to time, to the Regulated Money Pool;

NOW, THEREFORE, in consideration of the premises and the mutual agreements, covenants and provisions contained herein, the Parties hereto agree as follows:

ARTICLE I CONTRIBUTIONS AND BORROWINGS

Section 1.01 – Contributions to Regulated Money Pool.

Subject to applicable regulatory restrictions, if any, each Party will determine each day, on the basis of cash flow projections and other relevant factors, in such Party's sole discretion, the amount of funds it has available for contribution to the Regulated Money Pool, and will

contribute such funds to the Regulated Money Pool. The determination of whether a Party at any time has surplus funds to lend to the Regulated Money Pool or shall lend funds to the Regulated Money Pool will be made by such Party's principal financial officer, treasurer, or assistant treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such Party's sole discretion.

Each Party may withdraw any of its funds at any time upon notice to the Administrative Agent.

Section 1.02 – Rights to Borrow.

Subject to the provisions of Section 1.04(c) of this Agreement, short-term borrowing needs of the Parties, with the exception of NGUSA and KeySpan, will be met by funds in the Regulated Money Pool to the extent such funds are available. Each Party (other than NGUSA and KeySpan) shall have the right to make short-term borrowings from the Regulated Money Pool from time to time, subject to the availability of funds and the limitations and conditions set forth herein and in any applicable orders, rules or regulations promulgated by the Federal Energy Regulatory Commission ("*FERC*"), or by any state regulatory agency(ies), applicable to this Agreement or the transactions contemplated herein. Each Party (other than NGUSA and KeySpan) may request loans from the Regulated Money Pool from time to time during the period from the date hereof until this Agreement is terminated by written agreement of the Parties; provided, however, that the aggregate amount of all borrowings by any Party, inclusive of all borrowings by such Party hereunder, shall not exceed any applicable borrowing limits for such Party set forth in orders of the FERC and/or orders of other regulatory authorities ("*Regulatory Borrowing Limits*"), resolutions of such Party's Board of Directors or Managers or similar governing body, such Party's governing corporate documents, and agreements binding upon such Party ("*Other Borrowing Limits*"). The Regulatory Borrowing Limits and Other Borrowing Limits applicable to a Party shall be referred to, collectively, as such Party's "*Borrowing Limits*". For each borrowing being considered under this Agreement, compliance with all Regulatory Borrowing Limits and Other Borrowing Limits (assuming such borrowing were to be made), shall be confirmed prior to implementing any such borrowing. No loans through the Regulated Money Pool will be made to, and no borrowings through the Regulated Money Pool will be made by, NGUSA and KeySpan.

Section 1.03 – Source of Funds.

(a) Funds will be available through the Regulated Money Pool from the following sources for use by the Parties from time to time: (1) surplus funds in the treasuries of Parties other than NGUSA or KeySpan, (2) surplus funds in the treasury of NGUSA and/or KeySpan (including, but not limited to, proceeds from capital contributions or open account advances made by any direct or indirect parent company), and (3) proceeds from bank borrowings by Parties or the sale of commercial paper by NGUSA and/or each other Party ("*External Funds*"), in each case to the extent permitted by applicable laws, regulations and orders of any Federal or state regulatory agency. Funds will be made available from such sources in such other order as the Administrative Agent may determine will result in a lower cost of borrowing to companies borrowing from the Regulated Money Pool, consistent with the individual borrowing needs and financial standing of the Parties providing funds to the Regulated Money Pool.

(b) Borrowing Parties will borrow pro rata from each lending Party in the proportion that the total amount loaned by such lending Party bears to the total amount then loaned through the Regulated Money Pool. On any day when more than one fund source (e.g., surplus treasury funds of NGUSA and other Regulated Money Pool participants ("*Internal Funds*") and External Funds), with different rates of interest, is used to fund loans through the Regulated Money Pool, each borrowing Party will borrow pro rata from each fund source in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Regulated Money Pool.

Section 1.04 – Authorization.

(a) Each loan shall be authorized by the lending Party's principal financial officer, treasurer, assistant treasurer, or by a designee thereof.

(b) The Administrative Agent, upon request, will provide each Party with periodic activity and cash accounting reports that include, among other things, reports of cash activity, the daily balance outstanding and the calculation of interest.

(c) All borrowings from the Regulated Money Pool shall be authorized by the borrowing Party's principal financial officer, treasurer, assistant treasurer, or by a designee thereof, but only after confirmation that such borrowing will not result in any non-compliance with any Regulatory Borrowing Limits or Other Borrowing Limits applicable to such Party. No Party shall be required to effect a borrowing through the Regulated Money Pool if such Party determines that it can (and has all necessary external, regulatory, and internal authorizations to) effect such borrowing at lower cost directly from banks, through the sale of its own commercial paper, or otherwise.

(d) Each Party is hereby prohibited from directly or indirectly loaning or transferring funds borrowed from the Regulated Money Pool to NGUSA, KeySpan or to National Grid plc or any other non-participants in the Regulated Money Pool.

Section 1.05 – Interest.

The daily outstanding balance of all loans to any Member shall accrue interest as follows:

(a) If only Internal Funds comprise the daily outstanding balance of all loans outstanding during a calendar month, the interest rate applicable to such daily balance shall be the monthly average rate of the thirty (30) day A2/P2 Commercial Paper rate as released by the Federal Reserve Board.

(b) If only External Funds comprise the daily outstanding balance of all loans outstanding during a calendar month, the interest rate applicable to such daily outstanding balance shall be the lender's cost for such External Funds or, if more than one Party had made available External Funds at any time during the month, the applicable interest rate shall be a composite rate, equal to the weighted average of the costs incurred by the respective Parties for such External Funds.

(c) In cases where the daily outstanding balances of all loans outstanding at any time during the month include both Internal Funds and External Funds, the interest rate applicable to the daily outstanding balances for the month shall be equal to the weighted average of (i) the cost of all Internal Funds contributed by Parties, as determined pursuant to Section 1.05(a) of this Agreement, and (ii) the cost of all such External Funds, as determined pursuant to Section 1.05(b) of this Agreement.

Section 1.06 – Certain Costs.

The cost of compensating balances and fees paid to banks to maintain credit lines and accounts by Parties lending External Funds to the Regulated Money Pool shall initially be paid by the Party maintaining such line. A portion of such costs shall be retroactively allocated every month to each Member of the Regulated Money Pool; each Member's portion shall be calculated based on the lowest Borrowing Limit applicable to such Member.

Section 1.07 – Repayment.

Each Member receiving a loan from the Regulated Money Pool hereunder shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event within 364 days of the date on which such loan was made. All loans made through the Regulated Money Pool may be prepaid by the borrower without premium or penalty.

Section 1.08 – Form of Loans to Members.

Loans to the Members from the Regulated Money Pool shall be made as short-term advances, pursuant to the terms of this Agreement. A promissory note will not be required.

ARTICLE II OPERATION OF REGULATED MONEY POOL

Section 2.01 – Operation.

Operation of the Regulated Money Pool, including record keeping and coordination of loans, will be handled by the Administrative Agent under the authority of the appropriate officers of the Parties. The Administrative Agent shall be responsible for the determination of all applicable interest rates and charges to be applied to advances outstanding at any time hereunder, shall maintain records of all advances, interest charges and accruals and interest and principal payments for purposes hereof, and shall prepare periodic reports thereof for the Parties. All Regulated Money Pool transactions shall be evidenced by book entries. The Administrative Agent will administer the Regulated Money Pool on an "at cost" basis. Separate records shall be kept by the Administrative Agent for the Regulated Money Pool established by this Agreement and any other money pool administered by the Administrative Agent.

Section 2.02 – Investment of Surplus Funds in the Regulated Money Pool.

Funds not required for the Regulated Money Pool loans (with the exception of funds required to satisfy the Regulated Money Pool's liquidity requirements) will ordinarily be invested in one or more short-term investments, including (i) interest-bearing accounts with banks; (ii)

obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (iii) obligations issued or guaranteed by any state or political subdivision thereof, provided that such obligations are rated not less than "A" by a nationally recognized rating agency; (iv) commercial paper rated not less than "A-1" by Standard & Poor's or "P-1" by Moody's Investors Service, or their equivalent by a nationally recognized rating agency; (v) money market funds; (vi) bank certificates of deposit; (vii) Eurodollar funds; and (viii) such other investments as are permitted by any applicable order, rule, or regulation of state and federal regulatory agencies having jurisdiction.

Section 2.03 – Allocation of Interest Income and Investment Earnings.

The interest income and other investment income earned by the Regulated Money Pool on loans and investment of surplus funds will be allocated among the Parties in accordance with the proportion each Party's contribution of funds in the Regulated Money Pool bears to the total amount of funds in the Regulated Money Pool. Interest and other investment earnings will be computed on a daily basis and settled once per month.

Section 2.04 – Event of Default.

If any Party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against any Party seeking to adjudicate it bankrupt or insolvent, then the Administrative Agent, on behalf of the Regulated Money Pool, may, by notice to the Party, terminate the Regulated Money Pool's commitment to the Party and/or declare the principal amount then outstanding of, and the accrued interest on, the loans and all other amounts payable to the Regulated Money Pool by the Party hereunder to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by each Party.

ARTICLE III MISCELLANEOUS

Section 3.01 – Term and Termination

The term of this Agreement shall be 364 days. Upon the expiration of each 364 day term, this Agreement shall be automatically renewed for an additional term of 364 days; provided, that, such renewal term shall not apply to any Party that elects to terminate its participation in this Agreement.

Any Party may terminate its participation in the Regulated Money Pool by providing written notice of termination to the Administrative Agent.

Section 3.02 – Amendments

This Agreement may be amended by the Parties hereto at any time by execution of an instrument in writing signed on behalf of each of the Parties hereto, subject to all applicable approvals by any regulatory agency(ies) having jurisdiction.

Section 3.03 – Legal Responsibility

Nothing herein contained shall render any Party liable for the obligations of any other Party hereunder and the rights, obligations and liabilities of the Parties are several in accordance with their respective obligations, and not joint.

Section 3.04 – Governing Law

This Agreement shall be governed by and construed in accordance with, the laws of the State of New York; provided, that (i) no Party to this Agreement shall be obligated to participate in any transaction contemplated herein if the cost to be charged to such Party in connection with such transaction differs from the amount of the charges such Party is permitted to incur under any statute applicable to such Party or under the rules, regulations or orders of the Federal Energy Regulatory Commission or any state public utility commission or its equivalent having jurisdiction over such Party, and (ii) in the case of Parties subject to the jurisdiction of the Massachusetts Department of Public Utilities (“MDPU”) or any successor to the MDPU, any amounts to be paid by such Parties in connection with this Agreement or any transaction contemplated by this Agreement shall be subject to review and determination by the MDPU in any proceeding brought under Section 93 or 94 of Chapter 164 of the Massachusetts General Laws.

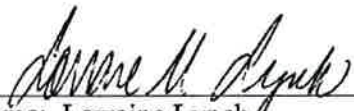
Section 3.05 – Counterparts

This Agreement may be executed in multiple counterparts, each of which shall be considered an original.


[Signatures begin on following page]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each Party hereto as of the date first above written.


Massachusetts Electric Company

By: 
Name: Lorraine Lynch
Title: Vice President and Treasurer


Nantucket Electric Company

By: 
Name: Lorraine Lynch
Title: Vice President and Treasurer

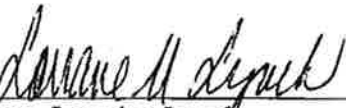
The Narragansett Electric Company

By: 
Name: Lorraine Lynch
Title: Vice President and Treasurer


National Grid USA Service Company, Inc.

By: 
Name: Lorraine Lynch
Title: Vice President and Assistant Treasurer


New England Electric Transmission Corporation

By: 
Name: Lorraine Lynch
Title: Vice President and Treasurer


New England Power Company

By: 
Name: Lorraine Lynch
Title: Vice President and Treasurer


Niagara Mohawk Power Corporation

By: 
Name: Lorraine Lynch
Title: Vice President and Treasurer


New England Hydro-Transmission Electric Company, Inc.

By: 
Name: Lorraine Lynch
Title: Vice President and Treasurer

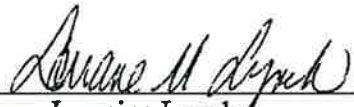
New England Hydro-Transmission Corporation

By: 
Name: Lorraine Lynch
Title: Vice President and Treasurer


National Grid USA

By: 
Name: Lorraine Lynch
Title: Assistant Treasurer

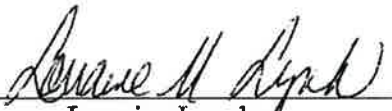
National Grid Engineering & Survey Inc.

By: 
Name: Lorraine Lynch
Title: Vice President and Treasurer


National Grid Electric Services LLC

By: 
Name: Lorraine Lynch
Title: Assistant Treasurer


The Brooklyn Union Gas Company

By: 
Name: Lorraine Lynch
Title: Vice President and Treasurer


KeySpan Gas East Corporation

By: 
Name: Charles V. DeRosa
Title: Vice President

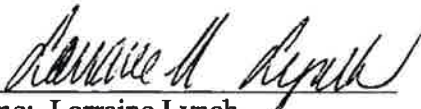
Boston Gas Company

By: 
Name: Lorraine Lynch
Title: Vice President and Treasurer

Colonial Gas Company

By: 
Name: Lorraine Lynch
Title: Vice President and Treasurer

KeySpan Corporation

By: 
Name: Lorraine Lynch
Title: Assistant Treasurer