

# Attachment I

## 2.1 Definitions - A

**Actual Energy Injections:** Energy injections which are measured using a revenue-quality real-time meter.

**Actual Energy Withdrawals:** Energy withdrawals which are either: (1) measured with a revenue-quality real-time meter; (2) assessed (in the case of Load Serving Entities ("LSEs") serving retail customers where withdrawals are not measured by revenue-quality real-time meters) on the basis provided for in a Transmission Owner's retail access program; or (3) calculated (in the case of wholesale customers where withdrawals are not measured by revenue-quality real-time meters), until such time as revenue - quality real-time metering is available on a basis agreed upon by the unmetred wholesale customers.

**Advance Reservation:** (1) A reservation of transmission service over the Cross-Sound Scheduled Line that is obtained in accordance with the applicable terms of Schedule 18 and the Schedule 18 Implementation Rule of the ISO New England Inc. Transmission, Markets and Services Tariff, or in accordance with any successors thereto; or (2) A right to schedule transmission service over the Neptune Scheduled Line that is obtained in accordance with the rules and procedures established pursuant to Section 38 of the PJM Interconnection, L.L.C. Open Access Transmission Tariff and set forth in a separate service schedule under the PJM Interconnection, L.L.C. Open Access Transmission Tariff; or (3) A right to schedule transmission service over the Linden VFT Scheduled Line that is obtained in accordance with the rules and procedures established pursuant to Section 38 of the PJM Interconnection, L.L.C. Open Access Transmission Tariff and set forth in a separate service schedule under the PJM Interconnection, L.L.C. Open Access Transmission Tariff.

**Adverse Conditions:** Those conditions of the natural or man-made environment that threaten the adequate reliability of the NYS Power System, including, but not limited to, thunderstorms, hurricanes, tornadoes, solar magnetic flares and terrorist activities.

**Adjusted Actual Load:** Actual Load adjusted to reflect: (i) Load relief measures such as voltage reduction and Load Shedding; (ii) Load reductions provided by Demand Side Resources; (iii) normalized design weather conditions; (iv) Station Power delivered that is not being self supplied pursuant to Section 4.7 of the ISO Services Tariff; and (v) adjustments for Special Case Resources and EDRP.

**Affiliate:** With respect to a person or entity, any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust or unincorporated organization, directly or indirectly controlling, controlled by, or under common control with, such person or entity. The term "Control" shall mean the possession, directly or indirectly, of the power to direct the

management or policies of a person or an entity. A voting interest of ten percent or more shall create a rebuttable presumption of control.

**Ancillary Services:** Services necessary to support the transmission of Energy from Generators to Loads, while maintaining reliable operation of the NYS Power System in accordance with Good Utility Practice and Reliability Rules. Ancillary Services include Scheduling, System Control and Dispatch Service; Reactive Supply and Voltage Support Service (or “Voltage Support Service”); Regulation Service; Energy Imbalance Service; Operating Reserve Service (including Spinning Reserve, 10-Minute Non-Synchronized Reserves and 30-Minute Reserves); and Black Start Capability.

**Application:** A request to provide or receive service pursuant to the provisions of the ISO Services Tariff, that includes all information reasonably requested by the ISO.

**Automatic Generation Control (“AGC”):** The **automatic** regulation of the power output of electric Generators within a prescribed range in response to a change in system frequency, or tie-line loading, to maintain system frequency or scheduled interchange with other areas within predetermined limits.

**Available Generating Capacity:** Generating Capacity that is on line to serve Load and/or provide Ancillary Services, or is capable of initiating start-up for the purpose of serving Transmission Customers or providing Ancillary Services, within thirty (30) minutes.

**Available Reserves:** For purposes of determining the Real-Time Locational Based Marginal Price in any Real-Time Dispatch interval: the capability of all Suppliers that submit Incremental Energy Bids to provide Spinning Reserves, Non-Synchronized 10-Minute Reserves, and 30-Minute Reserves in that interval and in the relevant location, and the quantity of recallable External ICAP Energy sales in that interval.

**Availability:** A measure of time that a Generator, transmission line or other facility is or was capable of providing service, whether or not it actually is in-service.

**Average Coincident Load:** The value in each Capability Period for each Special Case Resource that is equal to the average of the Special Case Resource hourly Load taken from the SCR Load Zone Peak Hours applicable to such Special Case Resource, and computed and reported in accordance with Section 5.12.11.1.1 of this Services Tariff and ISO Procedures.

**Average Coincident Load of an SCR Aggregation:** The value that is equal to the sum of the Average Coincident Loads and Provisional Average Coincident Loads for all Special Case Resources in an SCR Aggregation, assigned by the Responsible Interface Party to an SCR

Aggregation in a single Load Zone, computed and reported monthly in accordance with Section 5.12.11.1.2 of this Services Tariff and ISO Procedures.

## 2.9 Definitions - I

**ICAP Demand Curve:** A series of prices which decline until reaching zero as the amount of Installed Capacity increases.

**ICAP Spot Market Auction:** An auction conducted pursuant to Section 5.14.1.1 of this Tariff to procure and set LSE Unforced Capacity Obligations for the subsequent Obligation Procurement Period, pursuant to the Demand Curves applicable to each respective LSE and the supply that is offered.

**Import Curtailment Guarantee Payment:** A payment made in accordance with Section 4.5.3.2 and Attachment J of this ISO Services Tariff to compensate a Supplier whose Import is Curtailed by the ISO.

**Imports:** A Bilateral Transaction or sale to the LBMP Market where Energy is delivered to a NYCA Interconnection from another Control Area.

**Inadvertent Energy Accounting:** The accounting performed to track and reconcile the difference between net actual Energy interchange and scheduled Energy interchange of a Control Area with adjacent Control Areas.

**In-City:** Located electrically within the New York City Locality (LBMP Load Zone J).

**Incremental Energy Bid:** A series of monotonically increasing constant cost incremental Energy steps that indicate the quantities of Energy for a given price that an entity is willing to supply to the ISO Administered Markets.

**Incremental TCC:** A set of point-to-point Transmission Congestion Contract(s) that is awarded pursuant to Section 19.2.2 of Attachment M to the ISO OATT.

**Independent System Operator (“ISO”):** The New York Independent System Operator, Inc., a not-for-profit corporation established pursuant to the ISO Agreement.

**Independent System Operator Agreement (“ISO Agreement”):** The agreement that establishes the New York ISO.

**Independent System Operator/New York State Reliability Council (“ISO/NYSRC Agreement”)**: The agreement between the ISO and the New York State Reliability Council governing the relationship between the two organizations.

**Independent System Operator-Transmission Owner Agreement (“ISO/TO Agreement”)**: The agreement that establishes the terms and conditions under which the Transmission Owners transferred to the ISO Operational Control over designated transmission facilities.

**Installed Capacity**: External or Internal Capacity, in increments of 100 kW, that is made available, pursuant to Tariff requirements and ISO Procedures.

**Installed Capacity Equivalent**: The Resource capability that corresponds to its Unforced Capacity, calculated in accordance with ISO Procedures.

**Installed Capacity Marketer**: An entity which has signed this Tariff and which purchases Unforced Capacity from qualified Installed Capacity Suppliers, or from LSEs with excess Unforced Capacity, either bilaterally or through an ISO-administered auction. Installed Capacity Marketers that purchase Unforced Capacity through an ISO-administered auction may only resell Unforced Capacity purchased in such auctions in the NYCA.

**Installed Capacity Supplier**: An Energy Limited Resource, Generator, Installed Capacity Marketer, Responsible Interface Party, Intermittent Power Resource, Limited Control Run of River Hydro Resource, municipally-owned generation, System Resource or Control Area System Resource that satisfies the ISO’s qualification requirements for supplying Unforced Capacity to the NYCA.

**Interconnection or Interconnection Points (“IP”)**: The point(s) at which the NYCA connects with a distribution system or adjacent Control Area. The IP may be a single tie line or several tie lines that are operated in parallel.

**Interface**: A defined set of transmission facilities that separate Load Zones and that separate the NYCA from adjacent Control Areas.

**Interface MW - Mile Methodology**: The procedure used to allocate Original Residual TCCs determined prior to the first Centralized TCC Auction to Transmission Owners.

**Intermittent Power Resource**: Capacity resources that depend upon wind, solar energy or landfill gas for their fuel and that such dependence precludes accurate prediction of the facility’s real-time output. Each Intermittent Power Resource that depends on wind as its fuel shall include all turbines metered at a single scheduling point identifier (PTID).

**Internal:** An entity (e.g., Supplier, Transmission Customer) or facility (e.g., Generator, Interface) located within the Control Area being referenced. Where a specific Control Area is not referenced, internal means the NYCA.

**Internal Transactions:** Purchases, sales or exchanges of Energy, Capacity or Ancillary Services where the Generator and Load are located within the NYCA.

**Investment Grade Customer:** A Customer that meets the criteria set forth in Section 26.2 of Attachment K to this Services Tariff.

**Investor-Owned Transmission Owners:** At the present time these include: Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation.

**ISO Administered Markets :** The Day-Ahead Market and the Real-Time Market (collectively the "LBMP Markets") and any other market or auction administered by the ISO.

**ISO-Committed Fixed:** In the Day-Ahead Market, a bidding mode in which a Generator requests that the ISO commit and schedule it. In the Real-Time Market, a bidding mode in which a Generator, with ISO approval, requests that the ISO schedule it no more frequently than every 15 minutes. A Generator scheduled in the Day-Ahead Market as ISO-Committed Fixed will participate as a Self-Committed Fixed Generator in the Real-Time Market unless it changes bidding mode, with ISO approval, to participate as an ISO-Committed Fixed Generator.

**ISO-Committed Flexible:** A bidding mode in which a Dispatchable Generator or Demand Side Resource follows Base Point Signals and is committed by the ISO.

**ISO Market Power Monitoring Program:** The monitoring program approved by the Commission and administered by the ISO and the Market Monitoring Unit that is designed to monitor the possible exercise of market power in ISO Administered Markets.

**ISO OATT:** The ISO Open Access Transmission Tariff.

**ISO Procedures:** The procedures adopted by the ISO in order to fulfill its responsibilities under the ISO OATT, the ISO Services Tariff and the ISO Related Agreements.

**ISO Related Agreements:** Collectively, the ISO Agreement, the ISO/TO Agreement, the NYSRC Agreement, and the ISO/NYSRC Agreement.

**ISO Services Tariff (the "Tariff"):** The ISO Market Administration and Control Area Services Tariff.

**ISO Tariffs:** The ISO OATT and the ISO Services Tariff, collectively.

## 2.13 Definitions - M

**Major Emergency State:** An Emergency accompanied by abnormal frequency, abnormal voltage and/or equipment overloads that create a serious risk that the reliability of the NYS Power System could be adversely affected.

**Marginal Losses:** The NYS Transmission System Real Power Losses associated with each additional MWh of consumption by Load, or each additional MWh transmitted under a Bilateral Transaction as measured at the Points of Withdrawal.

**Marginal Losses Component:** The component of LBMP at a bus that accounts for the Marginal Losses, as measured between that bus and the Reference Bus.

**Market-Clearing Price:** The price determined in an Installed Capacity auction for each ISO-defined Locality, the remainder of the NYCA and each adjacent External Control Area for which all offers to sell and bids to purchase Unforced Capacity are in equilibrium.

**Market Mitigation and Analysis Department:** A department, internal to the ISO, that is responsible for participating in the ISO's administration of its Tariffs. The Market Mitigation and Analysis Department's duties are described in Section 30.3 of the Market Monitoring Plan that is set forth in Attachment O to this Services Tariff.

**Market Monitoring Unit:** "Market Monitoring Unit" shall have the same meaning in this ISO Services Tariff as it has in the Market Monitoring Plan that is set forth in Attachment O to this Services Tariff.

**Market Participant:** An entity, excluding the ISO, that produces, transmits, sells, and/or purchase for resale Unforced Capacity, Energy or Ancillary Services in the Wholesale Market. Market Participants include: Transmission Customers under the ISO OATT, Customers under the ISO Services Tariff, Power Exchanges, Transmission Owners, Primary Holders, LSEs, Suppliers and their designated agents. Market Participants also include entities buying or selling TCCs.

**Market Problem:** An issue which requires notification to Market Participants, the Commission and the Market Monitoring Unit pursuant to Section 3.5.1 of this Services Tariff. It includes market design flaws, software implementation and modeling anomalies or errors, market data anomalies or errors, and economic inefficiencies that have a material effect on the ISO-administered markets or transmission service. The term does not include erroneous Energy or Ancillary Services prices (which are managed through procedures outlined in Attachment E to the Services Tariff) or erroneous customer settlements.

**Market Services:** Services provided by the ISO under the ISO Services Tariff related to the ISO Administered Markets for Energy, Capacity and Ancillary Services.

**Member Systems:** The eight Transmission Owners that comprise the membership of the New York Power Pool.

**Minimum Generation Bid:** A two-parameter Bid that identifies the minimum operating level a Supplier requires to operate a Generator, and the payment a Supplier requires to operate its Generator at that level, or the minimum quantity of Demand Reduction a Demand Side Resource requires to provide Demand Reduction and the payment the Supplier requires to provide that level of Demand Reduction.

**Minimum Generation Level:** For purposes of describing the eligibility of ten minute Resources to be committed by the Real Time Dispatch for pricing purposes pursuant to the Services Tariff, Section 4.4.3.3, an upper bound, established by the ISO, on the physical minimum generation limits specified by ten minute Resources. Ten minute Resources with physical minimum generation limits that exceed this upper bound will not be committed by the Real Time Dispatch for pricing purposes. The ISO shall establish a Minimum Generation Level based on its evaluation of the extent to which it is meeting its reliability criteria including Control Performance. The Minimum Generation Level, in megawatts, and the ISO's rationale for that level, shall be made available through the ISO's website or comparable means.

**Minimum Payment Nomination:** An offer, submitted by a Responsible Interface Party, in dollars per Megawatt-hour and not to exceed \$500 per Megawatt-hour, to reduce Load equal to the Installed Capacity Equivalent of the amount of Unforced Capacity a Special Case Resource is supplying to the NYCA.

**Modified Wheeling Agreement ("MWA"):** A Transmission Agreement in existence, as amended, between Transmission Owners, that is associated with existing Generators or power supply contracts, that will be modified effective upon LBMP implementation. The terms and conditions of the MWA will remain the same as the original agreement, except as noted in the ISO OATT.

**Monthly Auction:** An auction administered by the ISO pursuant to Section 5.13.3 of the ISO Services Tariff.

## 2.16 Definitions - P

**Performance Index:** An index, described in ISO Procedures, that tracks a Generator's response to AGC signals from the ISO.

**Performance Tracking System:** A system designed to report metrics for Generators and Loads which include but are not limited to actual output and schedules. This system is used by the ISO to measure compliance with criteria associated with the provision of Energy and Ancillary Services.

**Point-to-Point Transmission Service:** The reservation and transmission of Capacity and Energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part 3 of the ISO OATT.

**Point(s) of Delivery:** Point(s) on the NYS Transmission System where Energy transmitted by the ISO will be made available to the Transmission Customer under the OATT. The Point(s) of Delivery shall be specified pursuant to ISO Procedures.

**Point(s) of Injection ("POI" or "Point of Receipt"):** The point(s) on the NYS Transmission System where Energy, Capacity and Ancillary Services will be made available to the ISO by the delivering party under the ISO OATT or the ISO Services Tariff.

**Point(s) of Receipt:** Point(s) of interconnection on the NYS Transmission System where Energy will be made available to the ISO by the Transmission Customer under the OATT. The Point(s) of Receipt shall be specified pursuant to ISO Procedures.

**Point(s) of Withdrawal ("POW" or "Point of Delivery"):** The point(s) on the NYS Transmission System where Energy, Capacity and Ancillary Services will be made available to the receiving party under the ISO OATT or the ISO Services Tariff. **Pool Control Error ("PCE"):** The difference between the actual and scheduled interchange with other Control Areas, adjusted for frequency bias.

**Post Contingency:** Conditions existing on a system immediately following a Contingency.

**Power Exchange ("PE"):** A commercial entity meeting the requirements for service under the ISO OATT or the ISO Services Tariff that facilitates the purchase and/or sale of Energy, Unforced Capacity and/or Ancillary Services in a New York Wholesale Market. A PE may transact with the ISO on its own behalf or as an agent for others.

**Power Factor:** The ratio of real power to apparent power (the product of volts and amperes, expressed in megavolt-amperes, MVA).

**Power Factor Criteria:** Criteria to be established by the ISO to monitor a Load's use of Reactive Power.

**Power Flow:** A simulation which determines the Energy flows on the NYS Transmission System and adjacent transmission systems.

**Price Adjustment:** For each month in the Prior Equivalent Capability Period, the Price Adjustment equals the quotient of dividing (a) the Henry Hub futures gas price for the like month in the succeeding same-season Capability Period by (b) the average Henry Hub spot gas price for that month in the Prior Equivalent Capability Period.

**Primary Holder:** A Primary Holder of each TCC is the Primary Owner of that TCC or the party that purchased that TCC at the close of the Centralized TCC Auction. With respect to each TCC, a Primary Holder must be: (1) a Transmission Customer that has purchased the TCC in the Centralized TCC Auction, and that has not resold it in that same Auction; (2) a Transmission Customer that has purchased the TCC in a Direct Sale with another Transmission Customer; (3) the Primary Owner who has retained the TCC; or (4) Primary Owners of the TCC that allocated the TCC to certain customers or sold it in the Secondary Market or sold through a Direct Sale to an entity other than a Transmission Customer. The ISO settles Day-Ahead Congestion Rents pursuant to Attachments M and N to the ISO OATT with the Primary Holder of each TCC.

**Primary Owner:** The Primary Owner of each TCC is the Transmission Owner or other Transmission Customer that has acquired the TCC through conversion of rights under an Existing Transmission Agreement to Grandfathered TCCs (in accordance with Attachment K of the ISO OATT), or through the conversion of Existing Transmission Agreements upon their expiration (in accordance with Attachment B), or the Transmission Owner that acquired the TCC through the ISO's allocation of Original Residual TCCs or through the conversion of ETCNL or an RCRR.

**Prior Equivalent Capability Period:** The previous same-season Capability Period.

**Provisional Average Coincident Load:** The value that may be used in lieu of Average Coincident Load for a Special Case Resource for a maximum duration no greater than three consecutive Capability Periods and only where a Special Case Resource (i) has not previously been enrolled with the NYISO and (ii) never had interval metering Load data available from the Prior Equivalent Capability Period. The Provisional Average Coincident Load is calculated once for each eligible Capability Period in accordance with in Section 5.12.11.1.1 of this Services Tariff and ISO Procedures.

**Proxy Generator Bus:** A proxy bus located outside the NYCA that is selected by the ISO to represent a typical bus in an adjacent Control Area and for which LBMP prices are calculated. The ISO may establish more than one Proxy Generator Bus at a particular Interface with a neighboring Control Area to enable the NYISO to distinguish the bidding, treatment and pricing of products and services at the Interface.

**PSC:** The Public Service Commission of the State of New York or any successor agency thereto.

**PSL:** The New York Public Service Law, Public Service Law § 1 et seq. (McKinney 1989 & Supp. 1997-98).

**Public Power Entity:** An entity which is either (i) a public authority or corporate municipal instrumentality, including a subsidiary thereof, created by the State of New York that owns or operates generation or transmission and that is authorized to produce, transmit or distribute electricity for the benefit of the public, or (ii) a municipally owned electric system that owns or controls distribution facilities and provides electric service, or (iii) a cooperatively owned electric system that owns or controls distribution facilities and provides electric service.

## 2.18 Definitions - R

**Ramp Capacity:** The amount of change in the Desired Net Interchange that generation located in the NYCA can support at any given time. Ramp capacity may be calculated for all Interfaces between the NYCA and neighboring Control Areas as a whole or for any individual Interface between the NYCA and an adjoining Control Area.

**RCRR TCC:** A zone-to-zone TCC created when a Transmission Owner with a RCRR exercises its right to convert the RCRR into a TCC pursuant to Section 19.5.4 of Attachment M of the ISO OATT.

**Reactive Power (MVar):** The product of voltage and the out-of-phase component of alternating current. Reactive Power, usually measured in MVar, is produced by capacitors (synchronous condensers), Qualified Non-Generator Voltage Support Resources, and over-excited Generators and absorbed by reactors or under-excited Generators and other inductive devices including the inductive portion of Loads.

**Real Power Losses:** The loss of Energy, resulting from transporting power over the NYS Transmission System, between the Point of Injection and Point of Withdrawal of that Energy.

**Real-Time Bid:** A Bid submitted into the Real-Time Commitment before the close of the Real-Time Scheduling Window.

**Real-Time Commitment (“RTC”):** A multi-period security constrained unit commitment and dispatch model that co-optimizes to solve simultaneously for Load, Operating Reserves and Regulation Service on a least as-bid production cost basis over a two hour and fifteen minute optimization period. The optimization evaluates the next ten points in time separated by fifteen minute intervals. Each RTC run within an hour shall have a designation indicating the time at which its results are posted; “RTC<sub>00</sub>,” “RTC<sub>15</sub>,” “RTC<sub>30</sub>,” and “RTC<sub>45</sub>” post on the hour, and at fifteen, thirty, and forty-five minutes after the hour, respectively. Each RTC run will produce binding commitment instructions for the periods beginning fifteen and thirty minutes after its scheduled posting time and will produce advisory commitment guidance for the remainder of the optimization period. RTC<sub>15</sub> will also establish hourly External Transaction schedules, while all RTC runs may establish 15 minute External Transaction schedules at Variably Scheduled Proxy Generator Buses. Additional information about RTC’s functions is provided in Section 4.4.2 of this ISO Services Tariff.

**Real-Time Dispatch (“RTD”):** A multi-period security constrained dispatch model that co-optimizes to solve simultaneously for Load, Operating Reserves, and Regulation Service on a least-as-bid production cost basis over a fifty, fifty-five or sixty-minute period (depending on

when each RTD run occurs within an hour). The Real-Time Dispatch dispatches, but does not commit, Resources, except that RTD may commit, for pricing purposes, Resources meeting Minimum Generation Levels and capable of starting in ten minutes. RTD may also establish 5 minute External Transaction schedules at Dynamically Scheduled Proxy Generator Buses. Real-Time Dispatch runs will normally occur every five minutes. Additional information about RTD's functions is provided in Section 4.4.3 of this ISO Services Tariff. Throughout this ISO Services Tariff the term "RTD" will normally be used to refer to both the Real-Time Dispatch and to the specialized Real-Time Dispatch Corrective Action Mode software.

**Real-Time Dispatch–Corrective Action Mode ("RTD-CAM"):** A specialized version of the Real-Time Dispatch software that will be activated when it is needed to address unanticipated system conditions. RTD-CAM is described in Section 4.4.4 of this ISO Services Tariff.

**Real-Time LBMP:** The LBMPs established through the ISO Administered Real-Time Market.

**Real-Time Market:** The ISO Administered Markets for Energy and Ancillary Services resulting from the operation of the RTC and RTD.

**Real-Time Minimum Run Qualified Gas Turbine:** One or more gas turbines, offered in the Real-Time Market, which, because of their physical operating characteristics, may qualify for a minimum run time of two hours in the Real-Time Market. Characteristics that qualify gas turbines for this treatment are established by ISO Procedures and include using waste heat from the gas turbine-generated electricity to make steam for the generation of additional electricity via a steam turbine.

**Real-Time Scheduled Energy:** The quantity of Energy that a Supplier is directed to inject or withdraw in real-time by the ISO. Injections are indicated by positive Base Point Signals and withdrawals are indicated by negative Base Point Signals. Unless otherwise directed by the ISO, Dispatchable Supplier's Real-Time Scheduled Energy is equal to its RTD Base Point Signal, or, if it is providing Regulation Service, to its AGC Base Point Signal, and an ISO Committed Fixed or Self-Committed Fixed Supplier's Real-Time Scheduled Energy is equal to its bid output level in real-time.

**Real-Time Scheduling Window:** The period of time within which the ISO accepts offers and bids to sell and purchase Energy and Ancillary Services in the Real-Time Market for a given hour which period closes seventy-five (75) minutes before the start of that hour, or eighty-five (85) minutes before the start of that hour for Bids to schedule External Transactions at the Proxy Generator Buses associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, or the Linden VFT Scheduled Line.

**Reconfiguration Auction:** The monthly auction administered by the ISO in which Market Participants may purchase and sell one-month TCCs.

**Reduction or Reduce:** The partial or complete reduction in Non-Firm Transmission Service as a result of transmission Congestion (either anticipated or actual).

**Reference Bus:** The location on the NYS Transmission System relative to which all mathematical quantities, including Shift Factors and penalty factors relating to physical operation, will be calculated. The NYPA Marcy 345 kV transmission substation is designated as the Reference Bus.

**Regulation Service Demand Curve:** A series of quantity/price points that defines the maximum Shadow Price for Regulation Service corresponding to each possible quantity of Resources that the ISO's software may schedule to satisfy the ISO's Regulation Service constraint. A single Regulation Service Demand Curve will apply to both the Day-Ahead Market and the Real-Time Market for Regulation Service. The Shadow Price for Regulation Service shall be used to calculate Regulation Service payments under Rate Schedule 3 of this ISO Services Tariff.

**Regulation Revenue Adjustment Charge ("RRAC"):** A charge that will be assessed against certain Generators that are providing Regulation Service under Section 15.3.6 of Rate Schedule 3 to this ISO Services Tariff.

**Regulation Revenue Adjustment Payment ("RRAP"):** A payment that will be made to certain Generators that are providing Regulation Service under Section 15.3.6 of Rate Schedule 3 to this ISO Services Tariff.

**Reliability Rules:** Those rules, standards, procedures and protocols developed and promulgated by the NYSRC, including Local Reliability Rules, in accordance with NERC, NPCC, FERC, PSC and NRC standards, rules and regulations and other criteria and pursuant to the NYSRC Agreement.

**Required System Capability:** Generation capability required to meet an LSE's peak Load plus Installed Capacity Reserve obligation as defined in the Reliability Rules.

**Reserve Performance Index:** An index created by the ISO for the purpose of calculating the Day Ahead Margin Assurance Payment pursuant to Attachment J of this Services Tariff made to Demand Side Resources scheduled to provide Operating Reserves in the Day-Ahead Market.

**Residual Adjustment:** The adjustment made to ISO costs that are recovered through Schedule 1 of the OATT. The Residual Adjustment is calculated pursuant to Schedule 1 of the OATT.

**Residual Capacity Reservation Right (“RCRR”):** A megawatt of transmission Capacity from one Load Zone to an electrically contiguous Load Zone, each of which is internal to the NYCA, that may be converted into an RCRR TCC by a Transmission Owner allocated the RCRR pursuant to Section 19.5 of Attachment M of the ISO OATT.

**Residual Transmission Capacity:** The transmission capacity determined by the ISO before, during and after the Centralized TCC Auction which is conceptually equal to the following:

Residual Transmission Capacity = TTC - TRM - CBM - GTR - GTCC - ETCNL

The TCCs associated with Residual Transmission Capacity cannot be accurately determined until the Centralized TCC Auction is conducted.

TTC is the Total Transfer Capability that can only be determined after the Residual Transmission Capacity is known.

GTR is the transmission capacity associated with Grandfathered Rights.

GTCC is the transmission capacity associated with Grandfathered TCCs.

ETCNL is the transmission capacity associated with Existing Transmission Capacity for Native Load.

TRM is the Transmission Reliability Margin.

CBM is the Capacity Benefit Margin.

**Resource:** An Energy Limited Resource, Generator, Installed Capacity Marketer, Special Case Resource, Intermittent Power Resource, Limited Control Run of River Hydro Resource, municipally-owned generation, System Resource, Demand Side Resource or Control Area System Resource.

**Responsible Interface Party:** A Customer that is authorized by the ISO to be the Installed Capacity Supplier for one or more Special Case Resources and that agrees to certain notification and other requirements as set forth in this Services Tariff and in the ISO Procedures.

**Rest of State:** The set of all non-Locality NYCA LBMP Load Zones. As of the 2002-2003 Capability Year, Rest of State includes all NYCA LBMP Load Zones other than LBMP Load Zones J and K.

**Rolling RTC:** The RTC run that is used to schedule a given 15-minute External Transaction. The Rolling RTC may be an RTC00, RTC15, RTC30 or RTC45 run.

## 2.19 Definitions - S

**Safe Operations:** Actions which avoid placing personnel and equipment in peril with regard to the safety of life and equipment damage.

**Scheduled Energy Injections:** As defined in the ISO OATT.

**Scheduled Energy Withdrawals:** As defined in the ISO OATT.

**Scheduled Line:** A transmission facility or set of transmission facilities: (a) that provide a distinct scheduling path interconnecting the ISO with an adjacent control area, (b) over which Customers are permitted to schedule External Transactions, (c) for which the ISO separately posts TTC and ATC, and (d) for which there is the capability to maintain the Scheduled Line actual interchange at the DNI, or within the tolerances dictated by Good Utility Practice. Each Scheduled Line is associated with a distinct Proxy Generator Bus. Transmission facilities shall only become Scheduled Lines after the Commission accepts for filing revisions to the NYISO's tariffs that identify a specific set or group of transmission facilities as a Scheduled Line. The following transmission facilities are Scheduled Lines: the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Dennison Scheduled Line, the Northport Norwalk Scheduled Line, and the Linden VFT Scheduled Line.

**SCR Aggregation:** One or more Special Case Resources registered by the Responsible Interface Party at a single PTID, with the Load of each Special Case Resource electrically located within the same single Load Zone and the total of all Loads at the PTID greater than or equal to 0.1 MW.

**SCR Change of Load:** When a Special Case Resource with an Average Coincident Load or Provisional Average Coincident Load greater than 500 kW reasonably anticipates a total Load reduction equal to or greater than the lesser of (i) thirty (30) percent of the Average Coincident Load for any month within the then-current Capability Period and (ii) ten (10) MW if in Rest of State or Long Island Locality or five (5) MW in the NYC Locality.

**SCR Change of Status:** When an SCR Change of Load is reasonably anticipated by the Special Case Resource to last for more than sixty (60) continuous days from the first date of the reduction.

**SCR Load Zone Peak Hours:** The top coincident peak hours (which shall be the greater of (a) forty (40) hours and (b) the number of hours set forth in ISO Procedures) falling between one o'clock p.m. to seven o'clock p.m. within the Prior Equivalent Capability Period that have been identified by the ISO for each Load Zone in accordance with ISO Procedures, such hours as may

be adjusted in accordance with ISO Procedures; provided, however, that such hours will not include (i) hours in which Special Case Resources located in the specific Load Zone were called by the ISO to respond to a reliability event or test and (ii) hours for which the Emergency Demand Response Program resources were deployed by the ISO in each specific Load Zone. Other specific hours identified as part of other demand response programs will be adjusted or excluded in accordance with ISO Procedures.

**SCUC:** Security Constrained Unit Commitment, described in Section 4.2.4 of this ISO Services Tariff.

**Secondary Holders:** Entities that: (1) purchase TCCs in the Secondary Market; (2) purchase TCCs in a Direct Sale from a Transmission Owner and have not been certified as a Primary Holder by the ISO; or (3) receive an allocation of Native Load TCCs from a Transmission Owner (See Attachment M). A Transmission Customer purchasing TCCs in a Direct Sale may qualify as a Primary Holder with respect to those TCCs purchased in that Direct Sale.

**Second Settlement:** The process of: (1) identifying differences between Energy production, Energy consumption or NYS Transmission System usage scheduled in a First Settlement and actual production, consumption, or usage during the Dispatch Day; and (2) assigning financial responsibility for those differences to the appropriate Customers and Market Participants. Charges for Energy supplied (to replace generation deficiencies or unscheduled consumption), and payments for Energy consumed (to absorb consumption deficiencies or excess Energy supply) or changes in transmission usage will be based on the Real-Time LBMPs.

**Secondary Market:** A market in which Primary and Secondary Holders sell TCCs by mechanisms other than through the Centralized TCC Auction or by Direct Sale. Buyers of TCCs in the Secondary Market shall neither pay nor receive Congestion Rents directly to or from the ISO.

**Security Coordinator:** An entity that provides the security assessment and Emergency operations coordination for a group of Control Areas. A Security Coordinator must not participate in the wholesale or retail merchant functions.

**Self-Committed Fixed:** A bidding mode in which a Generator is self-committed and opts not to be Dispatchable over any portion of its operating range.

**Self-Committed Flexible:** A bidding mode in which a Dispatchable Generator follows Base Point Signals within a portion of its operating range, but self-commits.

**Self-Supply:** The provision of certain Ancillary Services, or the provision of Energy to replace Marginal Losses by a Transmission Customer using either the Transmission Customer's own Generators or generation obtained from an entity other than the ISO.

**Service Agreement:** The agreement, in the form of Attachment A to the Tariff, and any amendments or supplements thereto entered into by a Customer and the ISO of service under the Tariff, or any unexecuted Service Agreement, amendments or supplements thereto, that the ISO unilaterally files with the Commission.

**Service Commencement Date:** The date that the ISO begins to provide service pursuant to the terms of a Service Agreement, or in accordance with the Tariff.

**Settlement:** The process of determining the charges to be paid to, or by, a Customer to satisfy its obligations.

**Shadow Price:** The marginal value of relieving a particular Constraint which is determined by the reduction in system cost that results from an incremental relaxation of that Constraint.

**Shift Factor ("SF"):** A ratio, calculated by the ISO, that compares the change in power flow through a transmission facility resulting from the incremental injection and withdrawal of power on the NYS Transmission System.

**Shutdown Period:** An ISO approved period of time immediately following a shutdown order, such as a zero base point, that has been designated by the Customer, during which unstable operation prevents the unit from accurately following its base points.

**Sink Price Cap Bid:** A monotonically increasing Bid curve provided by an entity engaged in an Export to indicate the relevant Proxy Generator Bus LBMP below which that entity is willing to either purchase Energy in the LBMP Markets or, in the case of Bilateral Transactions, to accept Transmission Service, where the MW amounts on the Bid curve represent the desired increments of Energy that the entity is willing to purchase at various price points.

**Special Case Resource:** Demand Side Resources capable of being interrupted upon demand, and Local Generators, rated 100 kW or higher, that are not visible to the ISO's Market Information System and that are subject to special rules, set forth in Section 5.12.11.1 of this ISO Services Tariff and related ISO Procedures, in order to facilitate their participation in the Installed Capacity market as Installed Capacity Suppliers. Special Case Resources that are not Local Generators, may be offered as synchronized Operating Reserves and Regulation Service and Energy in the Day-Ahead Market. Special Case Resources, using Local Generators rated 100 kW or higher, that are not visible to the ISO's Market Information System may also be offered as non-synchronized Operating Reserves.

**Special Case Resource Capacity:** The Installed Capacity Equivalent of the Unforced Capacity which has been sold by a Special Case Resource in the Installed Capacity market during the current Capability Period.

**Start-Up Period:** An ISO approved period of time immediately following synchronization to the Bulk power system, which has been designated by a Customer and bid into the Real-Time Market, during which unstable operation prevents the unit from accurately following its base points.

**Station Power:** Station Power shall mean the Energy used by a Generator:

1. for operating electric equipment located on the Generator site, or portions thereof, owned by the same entity that owns the Generator, which electrical equipment is used by the Generator exclusively for the production of Energy and any useful thermal energy associated with the production of Energy; and
2. for the incidental heating, lighting, air conditioning and office equipment needs of buildings, or portions thereof, that are: owned by the same entity that owns the Generator; located on the Generator site; and
3. used by the Generator exclusively in connection with the production of Energy and any useful thermal energy associated with the production of Energy.

Station Power does not include any Energy: (i) used to power synchronous condensers; (ii) used for pumping at a pumped storage facility or for charging a Limited Energy Storage Resource; or (iii) provided during a Black Start restoration by Generators that provide Black Start Capability Service.

**Start-Up Bid:** A Bid parameter that may vary hourly and that identifies the payment a Supplier requires to bring a Generator up to its specified minimum operating level from an offline state or a Demand Side Resource from a level of no Demand Reduction to its specified minimum level of Demand Reduction.

Start-Up Bids submitted for a Generator that is not able to complete its specified minimum run time (of up to a maximum of 24 hours) within the Dispatch Day are expected to include expected net costs related to the hour(s) that a Generator needs to run on the day following the Dispatch Day in order to complete its minimum run time. The component of the Start-Up Bid that incorporates costs that the Generator expects to incur on the day following the Dispatch Day is expected to reflect the operating costs that the Supplier does not expect to be able to recover through LBMP revenues while operating to meet the Generator's minimum run time, at the minimum operating level Bid for that Generator for the hour of the Dispatch Day in which the Generator is scheduled to start-up. Settlement rules addressing Start-Up Bids that incorporates costs related to the hours that a Generator needs to run on the day following the Dispatch Day on which the Generator is committed are set forth in Attachment C to this ISO Services Tariff.

**Storm Watch:** Actual or anticipated severe weather conditions under which region-specific portions of the NYS Transmission System are operated in a more conservative manner by reducing transmission transfer limits.

**Strandable Costs:** Prudent and verifiable expenditures and commitments made pursuant to a Transmission Owner's legal obligations that are currently recovered in the Transmission Owner's retail or wholesale rate that could become unrecoverable as a result of a restructuring of the electric utility industry and/or electricity market, or as a result of retail-turned-wholesale customers, or customers switching generation or Transmission Service suppliers.

**Stranded Investment Recovery Charge:** A charge established by a Transmission Owner to recover Strandable Costs.

**Subzone:** That portion of a Load Zone in a Transmission Owner's Transmission District.

**Supplemental Event Interval:** Any RTD interval in which there is a maximum generation pickup or a large event reserve pickup or which is one of the three RTD intervals following the termination of the maximum generation pickup or the large event reserve pickup.

**Supplemental Resource Evaluation ("SRE"):** A determination of the least cost selection of additional Generators, which are to be committed, to meet: (i) changed or local system conditions for the Dispatch Day that may cause the Day-Ahead schedules for the Dispatch Day to be inadequate to meet the reliability requirements of the Transmission Owner's local system or to meet Load or reliability requirements of the ISO; or (ii) forecast Load and reserve requirements over the six-day period that follows the Dispatch Day.

**Supplier:** A Party that is supplying the Capacity, Demand Reduction, Energy and/or associated Ancillary Services to be made available under the ISO OATT or the ISO Services Tariff, including Generators and Demand Side Resources that satisfy all applicable ISO requirements.

**System Resource:** A portfolio of Unforced Capacity provided by Resources located in a single ISO-defined Locality, the remainder of the NYCA, or any single External Control Area, that is owned by or under the control of a single entity, which is not the operator of the Control Area where such Resources are located, and that is made available, in whole or in part, to the ISO.

## **4.4 Real-Time Markets and Schedules**

### **4.4.1 Real-Time Commitment (“RTC”)**

#### **4.4.1.1 Overview**

RTC will make binding unit commitment and de-commitment decisions for the periods beginning fifteen minutes (in the case of Resources that can respond in ten minutes) and thirty minutes (in the case of Resources that can respond in thirty minutes) after the scheduled posting time of each RTC run, will provide advisory commitment information for the remainder of the two and a half hour optimization period, and will produce binding schedules for External Transactions to begin at the start of each quarter hour. RTC will co-optimize to solve simultaneously for all Load, Operating Reserves and Regulation Service requirements and to minimize the total as-bid production costs over its optimization timeframe. RTC will consider SCUC’s Resource commitment for the day, load forecasts that RTC itself will produce each quarter hour, binding transmission constraints, and all Real-Time Bids and Bid parameters submitted pursuant to Section 4.4.1.2 below.

#### **4.4.1.2 Bids and Other Requests**

After the Day-Ahead schedule is published and before the close of the Real-Time Scheduling Window for each hour, Customers may submit Real-Time Bids into the Real-Time Market for real-time evaluation by providing all information required to permit real-time evaluation pursuant to ISO Procedures.

##### **4.4.1.2.1 Real-Time Bids to Supply Energy and Ancillary Services**

Intermittent Power Resources that depend on wind as their fuel submitting new or revised offers to supply Energy shall bid as ISO-Committed Flexible and shall submit a Minimum

Generation Bid of zero MW and zero cost and a Start-Up Bid at zero cost. Eligible Customers may submit new or revised Bids to supply Energy, Operating Reserves and/or Regulation Service. Customers that submit such Bids may specify different Bid parameters in real-time than they did Day-Ahead. Incremental Energy Bids may be submitted by Suppliers bidding Resources using ISO-Committed Fixed, ISO-Committed Flexible, and Self-Committed Flexible bid modes that exceed the Incremental Energy Bids submitted in the Day-Ahead Market or the mitigated Day-Ahead Incremental Energy Bids where appropriate, for portions of the Capacity of such Resources that were scheduled in the Day-Ahead Market, if not otherwise prohibited pursuant to other provisions of the tariff. Minimum Generation Bids and Start-Up Bids for any hour in which such Resources received a Day-Ahead Energy schedule may not exceed the Minimum Generation Bids and Start-up Bids submitted for those Resources in the Day-Ahead Market. Additionally, Real-Time Minimum Run Qualified Gas Turbine Customers shall not increase their previously submitted Real-Time Incremental Energy Bids, Minimum Generation Bids, or Start-Up Bids within 135 minutes of the dispatch hour. Bids to supply Energy or Ancillary Services shall be subject to the rules set forth in Section 4.2.1 of this ISO Services Tariff.

Suppliers bidding on behalf of Generators that did not receive a Day-Ahead schedule for a given hour may offer their Generators, for those hours, using the ISO-Committed Flexible, Self-Committed Flexible, Self-Committed Fixed bid mode or, with ISO approval, the ISO-Committed Fixed bid modes in real-time. Suppliers bidding on behalf of Demand Side Resources that did not receive a Day-Ahead schedule to provide Operating Reserves or Regulation Service for a given hour may offer to provide Operating Reserves or Regulation Service using the ISO-Committed Flexible bid mode for that hour in the Real-Time Market

provided, however, that the Demand Side Resource shall have an Energy price Bid no lower than \$75 /MW hour. A Supplier bidding on behalf of a Generator that received a Day-Ahead schedule for a given hour may not change the bidding mode for that Generator for the Real-Time Market for that hour provided, however, that Generators that were scheduled Day-Ahead in Self-Committed Fixed mode may switch, with ISO approval, to ISO-Committed Fixed bidding mode in real-time. Generators that were scheduled Day-Ahead in ISO-Committed Fixed mode will be scheduled as Self-Committed Fixed in the Real-Time Market unless, with ISO approval, they change their bidding mode to ISO-Committed Fixed.

A Generator with a real time physical operating problem that makes it impossible for it to operate in the bidding mode in which it was scheduled Day-Ahead should notify the NYISO.

Generators and Demand Side Resources may not submit separate Operating Reserves Availability Bids in real-time and will instead automatically be assigned a real-time Operating Reserves Availability Bid of zero for the amount of Operating Reserves they are capable of providing in light of their response rate (as determined under Rate Schedule 4).

#### **4.4.1.2.2 Real-Time Bids Associated with Internal and External Bilateral Transactions**

Customers may use Real-Time Bids to seek to modify Bilateral Transactions that were previously scheduled Day-Ahead or propose new Bilateral Transactions, including External Transactions, for economic evaluation by RTC, provided however, that Bilateral Transactions with Trading Hubs as their POWs that were previously scheduled Day-Ahead may not be modified. Bids associated with Internal Bilateral Transactions shall be subject to the rules set forth above in Section 4.2.1.7.

Except as provided in this section, External Transaction Bids may not vary over the course of an hour. Each such Bid must offer to import, export or wheel the same amount of

Energy at the same price at each point in time within that hour. However, the ISO may vary External Transaction Schedules at Proxy Generator Buses that are authorized to schedule transactions on an intra-hour basis if the party submitting the Bid for such a Transaction elects to permit variable scheduling. External Transaction Bids submitted to import Energy from, export Energy to, or wheel Energy to or from Proxy Generator Buses that are authorized to schedule transactions on an intra-hour basis shall indicate whether the ISO may vary schedules associated with those Bids within each hour. Transmission Customers scheduling External Bilateral Transactions shall also be subject to the provisions of Section 16, Attachment J of the ISO OATT.

#### **4.4.1.2.3 Self-Commitment Requests**

Self-Committed Flexible Resources must provide the ISO with schedules of their expected minimum operating points in quarter hour increments. Self-Committed Fixed Resources must provide their expected actual operating points in quarter hour increments or, with ISO approval, bid as an ISO-Committed Fixed Generator.

#### **4.4.1.2.4 ISO-Committed Fixed**

The ability to use the ISO-Committed Fixed bidding mode in the Real-Time Market shall be subject to ISO approval pursuant to procedures, which shall be published by the ISO. Generators that have exclusively used the Self-Committed Fixed or ISO-Committed Fixed bid modes in the Day-Ahead Market or that do not have the communications systems, operational control mechanisms or hardware to be able to respond to five-minute dispatch basepoints are eligible to bid using the ISO-Committed Fixed bid mode in the Real-Time Market. Real-Time Bids by Generators using the ISO-Committed Fixed bid mode in the Real-Time Market shall provide variable Energy price Bids, consisting of up to eleven monotonically increasing, constant

cost incremental Energy steps, Minimum Generation Bids, hourly Start-Up Bids and other information pursuant to ISO Procedures.

RTC shall schedule ISO-Committed Fixed Generators.

#### **4.4.1.3 External Transaction Scheduling**

RTC15 will schedule External Transactions on an hourly basis as part of its development of a co-optimized least-bid cost Real-Time Commitment. For External Transactions that are scheduled on a 15 minute basis, the amount of Energy scheduled to be imported, exported or wheeled in association with that External Transaction may change on the quarter hour. All RTC runs will schedule intra-hour External Transactions on a 15 minute basis at Variably Scheduled Proxy Generator Buses. RTC will alert the ISO when it appears that scheduled External Transactions need to be reduced for reliability reasons but will not automatically Curtail them. Curtailment decisions will be made by the ISO, guided by the information that RTC provides, pursuant to the rules established by Attachment B of this ISO Services Tariff and the ISO Procedures. External Bilateral Transaction schedules are also governed by the provisions of Section 16, Attachment J of the OATT.

#### **4.4.1.4 Posting Commitment/De-Commitment and External Transaction Scheduling Decisions**

Except as specifically noted in Section 4.4.2, 4.4.3 and 4.4.4 of this ISO Services Tariff, RTC will make all Resource commitment and de-commitment decisions. RTC will make all economic commitment/de-commitment decisions based upon available offers assuming Suppliers internal to the NYCA have a one-hour minimum run time; provided however, Real-Time Minimum Run Qualified Gas Turbines shall be assumed to have a two-hour minimum run time.

RTC will produce advisory commitment information and advisory real-time prices. RTC will make decisions and post information in a series of fifteen-minute “runs” which are described below.

RTC<sub>15</sub> will begin at the start of the first hour of the RTC co-optimization period and will post its commitment, de-commitment, and External Transaction scheduling decisions no later than fifteen minutes after the start of that hour. During the RTC<sub>15</sub> run, RTC will:

- (i) Commit Resources with 10-minute start-up times that should be synchronized by the time that the results of the next RTC run are posted so that they will be synchronized and running at their scheduled generation levels by that time;
- (ii) Commit Resources with 30-minute start-up times that should be synchronized by the time that the results of the RTC run following the next RTC run are posted so that they will be synchronized and running at their scheduled generation levels by that time;
- (iii) De-commit Resources that should be disconnected from the network by the time that the results of the next RTC run are posted so that they will be disconnected by that time;
- (iv) Issue advisory commitment and de-commitment guidance for periods more than thirty minutes in the future and advisory dispatch information;
- (v) Schedule economic hourly External Transactions for the next hour;
- (vi) Schedule economic 15 minute External Transactions for the quarter hour for which the results of the RTC run following the next RTC run are posted at Variably Scheduled Proxy Generator Buses; and
- (vii) Schedule ISO-Committed Fixed Resources.

All subsequent RTC runs in the hour, *i.e.*, RTC<sub>30</sub>, RTC<sub>45</sub>, and RTC<sub>00</sub> will begin executing at fifteen minutes before their designated posting times (for example, RTC<sub>30</sub> will begin in the fifteenth minute of the hour), and will take the following steps:

- (i) Commit Resources with 10-minute start-up times that should be synchronized by the time that the results of the next RTC run are posted so that they will be synchronized and running at that time;
- (ii) Commit Resources with 30-minute start-up times that should be synchronized by the time that the results of the RTC run following the next RTC run are posted so that they will be synchronized and running at that time;
- (iii) De-commit Resources that should be disconnected from the network by the time that the results of the next RTC run are posted so that they will be disconnected at that time;
- (iv) Issue advisory commitment, de-commitment, and dispatching guidance for the period from thirty minutes in the future until the end of the RTC co-optimization period;
- (v) Either reaffirm that the External Transactions scheduled by previous RTC runs should continue to flow in the next hour should flow, or inform the ISO that External Transactions may need to be reduced;
- (vi) Schedule economic 15 minute External Transactions for the quarter hour for which the results of the RTC run following the next RTC run are posted at Variably Scheduled Proxy Generator Buses; and
- (vii) Schedule ISO-Committed Fixed Resources.

#### **4.4.1.5 External Transaction Settlements**

Settlements for External Transactions in the LBMP Market are described in Sections 4.2.6 and 4.5 of this ISO Services Tariff. Settlements for External Bilateral Transactions are also described in Section 16, Attachment J and Rate Schedules 7 and 8 of the OATT.

The calculation of Real-Time LBMPs at Proxy Generator Buses is described in Section 17, Attachment B to this ISO Services Tariff.

### **4.4.2 Real-Time Dispatch**

#### **4.4.2.1 Overview**

The Real-Time Dispatch will make dispatching decisions, send Base Point Signals to Internal Generators and Demand Side Resources, produce schedules for intra-hour External Transactions at Dynamically Scheduled Proxy Generator Buses, calculate Real-Time Market clearing prices for Energy, Operating Reserves, and Regulation Service, and establish real-time schedules for those products on a five-minute basis, starting at the beginning of each hour. The Real-Time Dispatch will not make commitment decisions and will not consider start-up costs in any of its dispatching or pricing decisions, except as specifically provided in Section 4.4.2.3 below. Each Real-Time Dispatch run will co-optimize to solve simultaneously for Load, Operating Reserves, and Regulation Service and to minimize the total cost of production over its bid optimization horizon (which may be fifty, fifty-five, or sixty minutes long depending on where the run falls in the hour.) In addition to producing a binding schedule for the next five minutes, each Real-Time Dispatch run will produce advisory schedules for the remaining four time steps of its bid-optimization horizon (which may be five, ten, or fifteen minutes long depending on where the run falls in the hour). An advisory schedule may become binding in the

absence of a subsequent Real-Time Dispatch run. RTD will use the most recent system information and the same set of Bids and constraints that are considered by RTC.

#### **4.4.2.2 External Transaction Scheduling**

All RTD runs will schedule External Transactions on a 5 minute basis at Dynamically Scheduled Proxy Generator Buses. For External Transactions that are scheduled on a 5 minute basis, the amount of Energy scheduled to be imported, exported or wheeled in association with that External Transaction may change every 5 minutes. External Bilateral Transaction Schedules are also governed by the provisions of Attachment J of the OATT.

#### **4.4.2.3 Calculating Real-Time Market LBMPs and Advisory Prices**

RTD shall calculate *ex ante* Real-Time LBMPs at each Generator bus, and for each Load Zone in each RTD cycle, in accordance with the procedures set forth in Attachment B to this ISO Services Tariff. RTD will also calculate and post advisory Real-Time LBMPs for the next four quarter hours in accordance with the procedures set forth in Attachment B.

#### **4.4.2.4 Real-Time Pricing Rules for Scheduling Ten Minute Resources**

RTD may commit and dispatch, for pricing purposes, Resources meeting Minimum Generation Levels and capable of starting within ten minutes (“eligible Resources”) when necessary to meet load. Eligible Resources committed and dispatched by RTD for pricing purposes may be physically started through normal ISO operating processes. In the RTD cycle in which RTD commits and dispatches an eligible Resource, RTD will consider the Resource’s start-up and incremental energy costs and will assume the Resource has a zero downward response rate for purposes of calculating *ex ante* Real-Time LBMPs pursuant to Section 17, Attachment B to this ISO Services Tariff.

#### **4.4.2.5 Converting to Demand Reduction, Special Case Resource Capacity scheduled as Operating Reserves, Regulation or Energy in the Real-Time Market**

The ISO shall convert to Demand Reductions, in hours in which the ISO requests that Responsible Interface Parties notify their Special Case Resources to reduce their demand pursuant to ISO Procedures, any Operating Reserves, Regulation Service or Energy scheduled in the Day-Ahead Market from Demand Side Resources that are also providing Special Case Resource Capacity. The ISO shall settle the Demand Reduction provided by that portion of the Special Case Resource Capacity that was scheduled Day-Ahead as Operating Reserves, Regulation Service or Energy as being provided by a Supplier of Operating Reserves, Regulation Service or Energy as appropriate. The ISO shall settle any remaining Demand Reductions provided beyond Capacity that was scheduled Day-Ahead as Ancillary Services or Energy as being provided by a Special Case Resource, provided such Demand Reduction is otherwise payable as a reduction by a Special Case Resource.

Operating Reserves or Regulation Service scheduled Day-Ahead and converted to Energy in real time pursuant to this Section 4.4.2.4, will be eligible for a Day-Ahead Margin Assurance Payment, pursuant to Attachment J of this ISO Services Tariff.

Special Case Resource Capacity that has been scheduled in the Day-Ahead Market to provide Operating Reserves, Regulation Service or Energy and that has been instructed as a Special Case Resource to reduce demand shall be considered, for the purpose of applying Real-Time special scarcity pricing rules described in Attachment B of this Services Tariff, to be a Special Case Resource.

The ISO shall not accept offers of Operating Reserves or Regulation Service in the Real-Time Market from Demand Side Resources that are also providing Special Case Resource Capacity for any hour in which the ISO has requested Special Case Resources to reduce demand.

#### **4.4.2.6 Converting to Demand Reduction Curtailment Services Provider Capacity scheduled as Operating Reserves, Regulation or Energy in the Real-Time Market**

The ISO shall convert to Demand Reductions, in hours in which the ISO requests Demand Reductions from the Emergency Demand Response Program pursuant to ISO Procedures, any Operating Reserves, Regulation Service or Energy scheduled in the Day-Ahead Market by Demand Side Resources that are also providing Curtailment Services Provider Capacity. The ISO shall settle the Demand Reduction provided by that portion of the Curtailment Services Provider Capacity that was scheduled Day-Ahead as Operating Reserves, Regulation Service or Energy as being provided by a Supplier of Operating Reserves, Regulation Service or Energy as appropriate. The ISO shall settle Demand Reductions provided beyond Capacity that was scheduled Day-Ahead as ancillary services or Energy as being provided by a Curtailment Services Provider.

Operating Reserves or Regulation Service scheduled Day-Ahead and converted to Energy in real time pursuant to this Section 4.4.2.5, will be eligible for a Day-Ahead Margin Assurance Payment, pursuant to Attachment J of this ISO Services Tariff.

Curtailment Services Provider Capacity that has been scheduled in the Day-Ahead Market as Operating Reserves, Regulation Service or Energy and that has been instructed to reduce demand shall be considered, for the purpose of applying Real-Time special scarcity pricing rules described in Attachment B of this Services Tariff, to be a Emergency Demand Response Program Resource.

The ISO shall not accept offers of Operating Reserves and Regulation Service in the Real-Time Market from Demand Side Resources that are also providing Curtailment Services Provider Capacity for any hour in which the ISO has requested participants in the Emergency Demand Response Program pursuant to ISO Procedures to reduce demand.

#### **4.4.2.7 Real-Time Scarcity Pricing Rules Applicable to Regulation Service and Operating Reserves During EDRP and/or SCR Activations**

Under Sections 17.1.1.2 and 17.1.1.3 of Attachment B to this ISO Services Tariff, and Sections 16.1.1.2 and 16.1.1.3 of Attachment J to the ISO OATT, the ISO will use special scarcity pricing rules to calculate Real-Time LBMPs during intervals when it has activated the EDRP and/or SCRs in order to avoid reserves shortages. During these intervals, the ISO will also implement special scarcity pricing rules for real-time Regulation Service and Operating Reserves. These rules are set forth in Section 15.3.2.5.2 of Rate Schedule 15.3 and Section 15.4.6.2 of Rate Schedule 15.4 of this ISO Services Tariff.

#### **4.4.2.8 Post the Real-Time Schedule**

Subsequent to the close of the Real-Time Scheduling Window, the ISO shall post the real-time schedule for each entity that submits a Bid or Bilateral Transaction schedule. All schedules shall be considered proprietary, with the posting only visible to the appropriate scheduling Customer, Transmission Customer and Transmission Owners subject to the applicable Code of Conduct (See Attachment F to the ISO OATT). The ISO will post on the OASIS the real-time Load for each Load Zone, and the Real-Time LBMP prices (including the Congestion Component and the Marginal Losses Component) for each Load Zone for each hour of the Dispatch Day. The ISO shall conduct the real-time settlement based upon the real-time schedule determined in accordance with this Section.

#### **4.4.3 Real-Time Dispatch - Corrective Action Mode**

When the ISO needs to respond to system conditions that were not anticipated by RTC or the regular Real-Time Dispatch, *e.g.*, the unexpected loss of a major Generator or Transmission line, it will activate the specialized RTD-CAM program. RTD-CAM runs will be nominally

either five or ten minutes long, as is described below. Unlike the Real-Time Dispatch, RTD-CAM will have the ability to commit certain Resources, and schedule intra-hour External Transactions at Dynamically Scheduled Proxy Generator Buses. When RTD-CAM is activated, the ISO will have discretion to implement various measures to restore normal operating conditions. These RTD-CAM measures are described below.

The ISO shall have discretion to determine which specific RTD-CAM mode should be activated in particular situations. In addition, RTD-CAM may require Resources to run above their  $UOL_{NS}$ , up to the level of their  $UOL_{ES}$  as is described in the ISO Procedures. Self-Committed Fixed Resources will not be expected to move in response to RTD-CAM Base Point Signals except when a maximum generation pickup is activated.

Except as expressly noted in this section, RTD-CAM will dispatch the system in the same manner as the normal Real-Time Dispatch.

#### **4.4.3.1 RTD-CAM Modes**

##### **4.4.3.1.1 Reserve Pickup**

The ISO will enter this RTD-CAM mode when necessary to re-establish schedules when large area control errors occur. When in this mode, RTD-CAM will send 10-minute Base Point Signals and produce schedules for the next ten minutes. RTD-CAM may also commit, or if necessary de-commit, Resources capable of starting or stopping within 10-minutes. The ISO will continue to optimize for Energy and Operating Reserves, will recognize locational Operating Reserve requirements, but will suspend Regulation Service requirements. If Resources are committed or de-committed in this RTD-CAM mode the schedules for them will be passed to RTC and the Real-Time Dispatch for their next execution.

The ISO will have discretion to classify a reserve pickup as a “large event” or a “small event.” In a small event the ISO will have discretion to reduce Base Point Signals in order to reduce transmission line loadings. The ISO will not have this discretion in large events. The distinction also has significance with respect to a Supplier’s eligibility to receive Bid Production Cost guarantee payment in accordance with Section 4.6.6 and Attachment C of this ISO Services Tariff.

#### **4.4.3.1.2 Maximum Generation Pickup**

The ISO will enter this RTD-CAM mode when an Emergency makes it necessary to maximize Energy production in one or more location(s), i.e., Long Island, New York City, East of Central East and/or NYCA-wide. RTD-CAM will produce schedules directing all Generators located in a targeted location to increase production at their emergency response rate up to their  $UOL_E$  level and to stay at that level until instructed otherwise. Security constraints will be obeyed to the extent possible. The ISO will continue to optimize for Energy and Operating Reserves, will recognize locational Operating Reserve requirements, but will suspend its Regulation Service requirements.

#### **4.4.3.1.3 Base Points ASAP -- No Commitments**

The ISO will enter this RTD-CAM mode when changed circumstances make it necessary to issue an updated set of Base Point Signals. Examples of changed circumstances that could necessitate taking this step include correcting line, contingency, or transfer overloads and/or voltage problems caused by unexpected system events. When operating in this mode, RTD-CAM will produce schedules and Base Point Signals for the next five minutes but will only redispatch Generators that are capable of responding within five minutes. RTD-CAM will not commit or de-commit Resources in this mode.

#### **4.4.3.1.4 Base Points ASAP -- Commit As Needed**

This operating mode is identical to Base Points ASAP – No Commitments, except that it also allows the ISO to commit Generators that are capable of starting within 10 minutes when doing so is necessary to respond to changed system conditions.

#### **4.4.3.1.5 Re-Sequencing Mode**

When the ISO is ready to de-activate RTD-CAM, it will often need to transition back to normal Real-Time Dispatch operation. In this mode, RTD-CAM will calculate normal five-minute Base Point Signals and establish five minute schedules. Unlike the normal RTD-Dispatch, however, RTD-CAM will only look ahead 10-minutes. RTD-CAM re-sequencing will terminate as soon as the normal Real-Time Dispatch software is reactivated and is ready to produce Base Point signals for its entire optimization period.

#### **4.4.3.2 Calculating Real-Time LBMPs**

When RTD-CAM is activated, RTD shall calculate *ex ante* Real-Time LBMPs at each Generator bus, and for each Load Zone in accordance with the procedures set forth in Section 17, Attachment B of this ISO Services Tariff.

## **5.12 Requirements Applicable to Installed Capacity Suppliers**

### **5.12.1 Installed Capacity Supplier Qualification Requirements**

In order to qualify as an Installed Capacity Supplier in the NYCA, each generator and merchant transmission facility interconnected to the New York State Transmission System must, commencing with the 2009 Summer Capability Period, have elected Capacity Resource Interconnection Service and been found deliverable, or must have been grandfathered as deliverable, pursuant to the applicable provisions of Attachment X, Attachment Z and Attachment S to the ISO OATT. In addition, to qualify as an Installed Capacity Supplier in the NYCA, Energy Limited Resources, Generators, Installed Capacity Marketers, Intermittent Power Resources, Limited Control Run-of-River Hydro Resources and System Resources rated 1 MW or greater, other than External System Resources and Control Area System Resources which have agreed to certain Curtailment conditions as set forth in the last paragraph of Section 5.12.1 below, Responsible Interface Parties, existing municipally-owned generation, Energy Limited Resources, and Intermittent Power Resources, to the extent those entities are subject to the requirements of Section 5.12.11 of this Tariff, shall:

- 5.12.1.1 provide information reasonably requested by the ISO including the name and location of Generators, and System Resources;
- 5.12.1.2 in accordance with the ISO Procedures, perform DMNC tests and submit the results to the ISO, or provide to the ISO appropriate historical production data;
- 5.12.1.3 abide by the ISO Generator maintenance coordination procedures;
- 5.12.1.4 provide the expected return date from any outages (including partial outages) to the ISO;
- 5.12.1.5 in accordance with the ISO Procedures,

- 5.12.1.5.1 provide documentation demonstrating that it will not use the same Unforced Capacity for more than one (1) buyer at the same time; and
- 5.12.1.5.2 in the event that the Installed Capacity Supplier supplies more Unforced Capacity than it is qualified to supply in any specific month (i.e., is short on Capacity), documentation that it has procured sufficient Unforced Capacity to cover this shortfall.
- 5.12.1.6 except for Installed Capacity Marketers and Intermittent Power Resources that depend upon wind as their fuel, Bid into the Day-Ahead Market, unless the Energy Limited Resource, Generator, Limited Control Run-of-River Hydro Resource or System Resource is unable to do so due to an outage as defined in the ISO Procedures or due to temperature related de-ratings. Generators may also enter into the MIS an upper operating limit that would define the operating limit under normal system conditions. The circumstances under which the ISO will direct a Generator to exceed its upper operating limit are described in the ISO Procedures;
- 5.12.1.7 provide Operating Data in accordance with Section 5.12.5 of this Tariff;
- 5.12.1.8 provide notice to the ISO, prior to the commencement of the Annual Transmission Reliability Assessment on March 1, of any transfers of deliverability rights to be carried out pursuant to Sections 25.9.4 - 25.9.6 of Attachment S to the ISO OATT;
- 5.12.1.9 comply with the ISO Procedures;
- 5.12.1.10 when the ISO issues a Supplemental Resource Evaluation request (an SRE), Bid into the in-day market unless the entity has a bid pending in the Real-

Time Market when the SRE request is made or is unable to bid in response to the SRE request due to an outage as defined in the ISO Procedures, or due to other operational issues, or due to temperature related deratings; and

5.12.1.11 Installed Capacity Suppliers located East of Central-East shall Bid in the Day-Ahead and Real-Time Markets all Capacity available for supplying 10-Minute Non-Synchronized Reserve (unless the Generator is unable to meet its commitment because of an outage as defined in the ISO Procedures), except for the Generators described in Subsections 5.12.1.11.1, 5.12.1.11.2 and 5.12.1.11.3 below:

5.12.1.11.1 Generators providing Energy under contracts executed and effective on or before November 18, 1999 (including PURPA contracts) in which the power purchasers do not control the operation of the supply source but would be responsible for penalties for being off-schedule, with the exception of Generators under must-take PURPA contracts executed and effective on or before November 18, 1999, who have not provided telemetering to their local TO and historically have not been eligible to participate in the NYPP market, which will continue to be treated as TO Load modifiers under the ISO-administered markets;

5.12.1.11.2 Existing topping turbine Generators and extraction turbine Generators producing Energy resulting from the supply of steam to the district steam system located in New York City (LBMP Zone J) in operation on or before November 18, 1999 and/or topping or extraction turbine Generators used in replacing or repowering steam supplies from such units (in accordance with good engineering

and economic design) that cannot follow schedules, up to a maximum total of 499 MW of such units; and

5.12.1.11.3 Units that have demonstrated to the ISO that they are subject to environmental, contractual or other legal or physical requirements that would otherwise preclude them from providing 10-Minute NSR.

The ISO shall inform each potential Installed Capacity Supplier that is required to submit DMNC data of its approved DMNC ratings for the Summer Capability Period and the Winter Capability Period in accordance with the ISO Procedures.

Requirements to qualify as Installed Capacity Suppliers for External System Resources and Control Area System Resources located in External Control Areas that have agreed not to Curtail the Energy associated with such Installed Capacity or to afford it the same Curtailment priority that it affords its own Control Area Load shall be established in the ISO Procedures.

Not later than 30 days prior to each ICAP Spot Market Auction, each Market Participant that may make offers to sell Unforced Capacity in such auction shall submit information to the ISO, in accordance with ISO Procedures and in the format specified by the ISO that identifies each Affiliated Entity, as that term is defined in Section 23.2.1 of Attachment H of the Services Tariff, of the Market Party or with which the Market Party is an Affiliated Entity. The names of entities that are Affiliated Entities shall not be treated as Confidential Information, but such treatment may be requested for the existence of an Affiliated Entity relationship. The information submitted to the ISO shall identify the nature of the Affiliated Entity relationship by the applicable category specified in the definition of “Affiliated Entity” in Section 23.2.1 of Attachment H of the Services Tariff.

## **5.12.2 Additional Provisions Applicable to External Installed Capacity Suppliers**

### **5.12.2.1 Provisions Addressing the Applicable External Control Area.**

External Generators, External System Resources, and Control Area System Resources qualify as Installed Capacity Suppliers if they demonstrate to the satisfaction of the NYISO that the Installed Capacity Equivalent of their Unforced Capacity is deliverable to the NYCA or, in the case of an entity using a UDR to meet a Locational Minimum Installed Capacity Requirement, to the NYCA interface associated with that UDR transmission facility and will not be recalled or curtailed by an External Control Area to satisfy its own Control Area Loads, or, in the case of Control Area System Resources, if they demonstrate that the External Control Area will afford the NYCA Load the same curtailment priority that they afford their own Control Area Native Load Customers. The amount of Unforced Capacity that may be supplied by such entities qualifying pursuant to the alternative criteria may be reduced by the ISO, pursuant to ISO Procedures, to reflect the possibility of curtailment. External Installed Capacity associated with Import Rights or UDRs is subject to the same deliverability requirements applied to Internal Installed Capacity Suppliers associated with UDRs.

### **5.12.2.2 Additional Provisions Addressing Internal Deliverability and Import Rights.**

In addition to the provisions contained in Section 5.12.2.1 above, External Installed Capacity not associated with UDRs or External CRIS Rights will be subject to the deliverability test in Section 25.7.8 and 25.7.9 of Attachment S to the ISO OATT. The deliverability of External Installed Capacity not associated with UDRs or External CRIS Rights will be evaluated annually as a part of the process that sets import rights for the upcoming Capability Year, to determine the amount of External Installed Capacity that can be imported to the New York

Control Area across any individual External Interface and across all of those External Interfaces, taken together. The External Installed Capacity deliverability test will be performed using the ISO's forecast, for the upcoming Capability Year, of New York Control Area CRIS resources, transmission facilities, and load. Under this process (i) Grandfathered External Installed Capacity Agreements listed in Attachment E of the ISO Installed Capacity Manual, and (ii) the Existing Transmission Capacity for Native Load listed for New York State Electric & Gas Corporation in Table 3 of Attachment L to the ISO OATT, will be considered deliverable. Additionally, 1090 MW of imports made over the Quebec (via Chateauguay) Interface will be considered to be deliverable until the end of the 2010 Summer Capability Period.

The import limit set for External Installed Capacity not associated with UDRs or External CRIS Rights will be set no higher than the amount of imports that (i) would not increase the LOLE as determined in the upcoming Capability Year IRM consistent with Section 2.7 of the NYISO Installed Capacity Manual, "Limitations on Unforced Capacity Flow in External Control Areas," (ii) are deliverable within the Capacity Region where the External Interface is located when evaluated with the New York Control Area CRIS resources and External CRIS Rights forecast for the upcoming Capability Year, and (iii) would not degrade the transfer capability of any Other Interface by more than the threshold identified in Section 25.7.9 of Attachment S to the ISO OATT. Import limits set for External Installed Capacity will reflect the modeling of awarded External CRIS rights, but the awarded External CRIS rights will not be adjusted as part of import limit-setting process. Procedures for qualifying selling, and delivery of External Installed Capacity are detailed in the Installed Capacity Manual.

Until the grandfathered import rights over the Quebec (via Chateauguay) Interface expire at the end of the 2010 Summer Capability Period, the 1090 MW of grandfathered import rights

will be made available on a first-come, first-served basis pursuant to ISO Procedures. Any of the grandfathered import rights over the Quebec (via Chateauguay) Interface not utilized for a Capability Period will be made available to other external resources for that Capability Period, pursuant to ISO Procedures, to the extent the unutilized amount is determined to be deliverable.

Additionally, any of the Existing Transmission Capacity for Native Load listed for New York State Electric & Gas Corporation not utilized by New York State Electric & Gas Corporation for a Capability Period will be made available to other external resources for that Capability Period, pursuant to ISO procedures, to the extent the unutilized amount is determined to be deliverable.

LSEs with External Installed Capacity as of the effective date of this Tariff will be entitled to designate External Installed Capacity at the same NYCA Interface with another Control Area, in the same amounts in effect on the effective date of this Tariff. To the extent such External Installed Capacity corresponds to Existing Transmission Capacity for Native Load as reflected in Table 3 of Attachment L to the ISO OATT, these External Installed Capacity rights will continue without term and shall be allocated to the LSE's retail access customers in accordance with the LSE's retail access program on file with the PSC and subject to any necessary filings with the Commission. External Installed Capacity rights existing as of September 17, 1999 that do not correspond to Table 3 of Attachment L to the ISO OATT shall survive for the term of the relevant External Installed Capacity contract or until the relevant External Generator is retired.

#### **5.12.2.3 One-Time Conversion of Grandfathered Quebec (via Chateauguay) Interface Rights.**

An entity can request to convert a specified number of MW, up to 1090 MW over the Quebec External Interface (via Chateauguay), into External CRIS Rights by making either a

Contract Commitment or Non-Contract Commitment that satisfies the requirements of Section 25.7.11.1 of Attachment S to the ISO OATT. The converted number of MW will not be subject to further evaluation for deliverability within a Class Year Deliverability Study under Attachment S to the ISO OATT, as long as the External CRIS Rights are in effect.

5.12.2.3.1 The External CRIS Rights awarded under this conversion process will first become effective for the 2010-2011 Winter Capability Period.

5.12.2.3.2 Requests to convert these grandfathered rights must be received by the NYISO on or before 5:00 pm Eastern Time on February 1, 2010, with the following information: (a) a statement that the entity is electing to convert by satisfying the requirements of a Contract Commitment or a Non-Contract Commitment in accordance with Section 25.7.11.1 of Attachment S to the ISO OATT; (b) the length of the commitment in years; (c) for the Summer Capability Period, the requested number of MW; (d) for the Winter Capability Period, the Specified Winter Months, if any, and the requested number of MW; and (e) a minimum number of MW the entity will accept if granted (“Specified Minimum”) for the Summer Capability Period and for all Specified Winter Months, if any.

5.12.2.3.3 An entity cannot submit one or more requests to convert in the aggregate more than 1090 MW in any single month.

5.12.2.3.4 If requests to convert that satisfy all other requirements stated herein are equal to or less than the 1090 MW limit, all requesting entities will be awarded the requested number of MW of External CRIS Rights. If conversion requests exceed the 1090 MW limit, the NYISO will prorate the allocation based on the weighted average of the requested MW times the length of the

contract/commitment (*i.e.*, number of Summer Capability Periods) in accordance with the following formula:

$$\text{Rights allocated to entity } i = 1090 * \frac{(\text{MW}_i * \text{contract/commitment length}_i)}{\sum_j (\text{MW}_j * \text{contract/commitment length}_j)}$$

$j = 1, \dots, \#$  entities requesting import rights

In the formula, contract/commitment length means the lesser of the requested contract/commitment length and twenty (20) years. The NYISO will perform separate calculations for the Summer and Winter Capability Periods. The NYISO will determine whether the prorated allocated number of MW for any requesting entity is less than the entity's Specified Minimum. If any allocation is less, the NYISO will remove such request(s) and recalculate the prorated allocations among the remaining requesting entities using the above formula. This process will continue until the prorated allocation meets or exceeds the specified minimum for all remaining requests.

5.12.2.3.5 Any portion of the previously grandfathered 1090 MW not converted through this process will no longer be grandfathered from deliverability.

Previously grandfathered rights converted to External CRIS Rights but then terminated will no longer be grandfathered from deliverability.

#### **5.12.2.4 Offer Cap Applicable to Certain External CRIS Rights.**

Notwithstanding any other capacity mitigation measures or obligations that may apply, the offers of External Installed Capacity submitted pursuant to a Non-Contract Commitment, as described in Section 25.7.11.1.2 of Attachment S of the ISO OATT, will be subject to an offer

cap in each month of the Summer Capability Period and for all Specified Winter Months. This offer cap will be determined as the higher of:

5.12.2.4.1 1.1 times the price corresponding to all available Unforced Capacity determined from the Demand Curve for that Period and for the Capacity Region in which the Interface of entry is located; and

5.12.2.4.2 The most recent auction clearing price (a) in the External market supplying the External Installed Capacity, if any, and if none, then the most recent auction clearing price in an External market to which the capacity may be wheeled, less (b) any transmission reservation costs in the External market associated with providing the Installed Capacity, in accordance with ISO Procedures.

### **5.12.3 Installed Capacity Supplier Outage Scheduling Requirements**

All Installed Capacity Suppliers, except for Control Area System Resources and Responsible Interface Parties, that intend to supply Unforced Capacity to the NYCA shall submit a confidential notification to the ISO of their proposed outage schedules in accordance with the ISO Procedures. Transmission Owners will be notified of these and subsequently revised outage schedules. Based upon a reliability assessment, if Operating Reserve deficiencies are projected to occur in certain weeks for the upcoming calendar year, the ISO will request voluntary rescheduling of outages. In the case of Generators actually supplying Unforced Capacity to the NYCA, if voluntary rescheduling is ineffective, the ISO will invoke forced rescheduling of their outages to ensure that projected Operating Reserves over the upcoming year are adequate.

A Generator that refuses a forced rescheduling of its outages for any unit shall be prevented from supplying Unforced Capacity in the NYCA with that unit during any month where it undertakes such outages. The rescheduling process is described in the ISO Procedures.

A Generator that intends to supply Unforced Capacity in a given month that did not qualify as an Installed Capacity Supplier prior to the beginning of the Capability Period must notify the ISO in accordance with the ISO Procedures so that it may be subject to forced rescheduling of its proposed outages in order to qualify as an Installed Capacity Supplier. A Supplier that refuses the ISO's forced rescheduling of its proposed outages shall not qualify as an Installed Capacity Supplier for that unit for any month during which it schedules or conducts an outage.

Outage schedules for External System Resources and Control Area System Resources shall be coordinated by the External Control Area and the ISO in accordance with the ISO Procedures.

#### **5.12.4 Required Certification for Installed Capacity**

- (a) Each Installed Capacity Supplier must confirm to the ISO, in accordance with ISO Procedures that the Unforced Capacity it has certified has not been sold for use in an External Control Area.
- (b) Each Installed Capacity Supplier holding rights to UDRs from an External Control Area must confirm to the ISO, in accordance with ISO Procedures, that it will not use as self-supply or offer, and has not sold, Installed Capacity associated with the quantity of MW for which it has not made its one time capability adjustment year election pursuant to Section 5.11.4.

### **5.12.5 Operating Data Reporting Requirements**

To qualify as Installed Capacity Suppliers in the NYCA, Resources shall submit to the ISO Operating Data in accordance with this Section 5.12.5 and the ISO Procedures. Resources that do not submit Operating Data in accordance with the following subsections and the ISO Procedures shall be subject to the sanctions provided in Section 5.12.12.1 of this Tariff.

Resources that were not in operation on January 1, 2000 shall submit Operating Data to the ISO no later than one month after such Resources commence commercial operation, and in accordance with the ISO Procedures and the following subsections as applicable.

#### **5.12.5.1 Generators, System Resources, Energy Limited Resources, Responsible Interface Parties, Intermittent Power Resources, Limited Control Run-of-River Hydro Resources and Municipally Owned Generation**

To qualify as Installed Capacity Suppliers in the NYCA, Generators, External Generators, System Resources, External System Resources, Energy Limited Resources, Responsible Interface Parties, Intermittent Power Resources, Limited Control Run-of-River Hydro Resources and municipally owned generation or the purchasers of Unforced Capacity associated with those Resources shall submit GADS Data, data equivalent to GADS Data, or other Operating Data to the ISO in accordance with the ISO Procedures. Prior to the successful implementation of a software modification that allows gas turbines to submit multiple bid points, these units shall not be considered to be forced out for any hours that the unit was available at its base load capability in accordance with the ISO Procedures. This section shall also apply to any Installed Capacity Supplier, External or Internal, using UDRs to meet Locational Minimum Installed Capacity Requirements.

#### **5.12.5.2 Control Area System Resources**

To qualify as Installed Capacity Suppliers in the NYCA, Control Area System Resources, or the purchasers of Unforced Capacity associated with those Resources, shall submit CARL Data and actual system failure occurrences data to the ISO each month in accordance with the ISO Procedures.

#### **5.12.5.3 Transmission Projects Granted Unforced Capacity Deliverability Rights**

An owner of a transmission project that receives UDRs must, among other obligations, submit outage data or other operational information in accordance with the ISO procedures to allow the ISO to determine the number of UDRs associated with the transmission facility.

### **5.12.6 Operating Data Default Value and Collection**

#### **5.12.6.1 UCAP Calculations**

The ISO shall calculate for each Resource the amount of Unforced Capacity that each Installed Capacity Supplier is qualified to supply in the NYCA in accordance with formulae provided in the ISO Procedures.

The amount of Unforced Capacity that each Generator, System Resource, Energy Limited Resource, Special Case Resource, and municipally-owned generation is authorized to supply in the NYCA shall be based on the ISO's calculations of individual Equivalent Demand Forced Outage Rates. The amount of Unforced Capacity that each Control Area System Resource is authorized to supply in the NYCA shall be based on the ISO's calculation of each Control Area System Resource's availability. The amount of Unforced Capacity that each Intermittent Power Resource is authorized to supply in the NYCA shall be based on the NYISO's calculation of the amount of capacity that the Intermittent Power Resource can reliably

provide during system peak Load hours in accordance with ISO Procedures. The amount of Unforced Capacity that each Limited Control Run-of-River Hydro Resource is authorized to provide in the NYCA shall be determined separately for Summer and Winter Capability Periods as the rolling average of the hourly net Energy provided by each such Resource during the 20 highest NYCA integrated real-time load hours in each of the five previous Summer or Winter Capability Periods, as appropriate, stated in megawatts.

The ISO shall calculate separate Summer and Winter Capability Period Unforced Capacity values for each Generator, System Resource, Special Case Resource, Energy Limited Resource, and municipally owned generation and update them periodically using a twelve-month calculation in accordance with formulae provided in the ISO Procedures.

The ISO shall calculate separate Summer and Winter Capability Period Unforced Capacity values for Intermittent Power Resources and update them seasonally as described in ISO Procedures.

#### **5.12.6.2 Default Unforced Capacity**

In its calculation of Unforced Capacity, the ISO shall deem a Resource to be completely forced out for each month for which the Resource has not submitted its Operating Data in accordance with Section 5.12.5 of this Tariff and the ISO Procedures. A Resource that has been deemed completely forced out for a particular month may submit new Operating Data, for that month, to the ISO at any time. The ISO will use such new Operating Data when calculating, in a timely manner in accordance with the ISO Procedures, a Unforced Capacity value for the Resource.

Upon a showing of extraordinary circumstances, the ISO retains the discretion to accept at any time Operating Data which have not been submitted in a timely manner, or which do not fully conform with the ISO Procedures.

#### **5.12.6.3 Exception for Certain Equipment Failures**

When a Generator, Special Case Resource, Energy Limited Resource, or System Resource is forced into an outage by an equipment failure that involves equipment located on the high voltage side of the electric network beyond the step-up transformer, and including such step-up transformer, the outage will not be counted for purposes of calculating that Resource's Equivalent Demand Forced Outage Rate.

#### **5.12.7 Availability Requirements**

Subsequent to qualifying, each Installed Capacity Supplier shall, except as noted in Section 5.12.11 of this Tariff, on a daily basis: (i) schedule a Bilateral Transaction; (ii) Bid Energy in each hour of the Day-Ahead Market in accordance with the applicable provisions of Section 5.12.1 of this Tariff; or (iii) notify the ISO of any outages. The total amount of Energy that an Installed Capacity Supplier schedules, bids, or declares to be unavailable on a given day must equal or exceed the Installed Capacity Equivalent of the Unforced Capacity it supplies.

#### **5.12.8 Unforced Capacity Sales**

Each Installed Capacity Supplier will, after satisfying the deliverability requirements set forth in the applicable provisions of Attachment X, Attachment Z and Attachment S to the ISO OATT, be authorized to supply an amount of Unforced Capacity during each Obligation Procurement Period, based on separate seasonal Unforced Capacity calculations performed by

the ISO for the Summer and Winter Capability Periods. Unforced Capacity may be sold in six-month strips, or in monthly, or multi-monthly segments.

If an Energy Limited Resource's, Generator's, System Resource's or Control Area System Resource's DMNC rating is determined to have increased during an Obligation Procurement Period, pursuant to testing procedures described in the ISO Procedures, the amount of Unforced Capacity that it shall be authorized to supply in that or future Obligation Procurement Periods shall also be increased on a prospective basis in accordance with the schedule set forth in the ISO Procedures provided that it first has satisfied the deliverability requirements set forth in the applicable provisions of Attachment X, Attachment Z and Attachment S to the ISO OATT.

New Generators and Generators that have increased their Capacity since the previous Summer Capability Period due to changes in their generating equipment may, after satisfying the deliverability requirements set forth in the applicable provisions of Attachment X, Attachment Z and Attachment S to the ISO OATT, qualify to supply Unforced Capacity on a foregoing basis during the Summer Capability Period based upon a DMNC test that is performed and reported to the ISO after March 1 and prior to the beginning of the Summer Capability Period DMNC Test Period. The Generator will be required to verify the claimed DMNC rating by performing an additional test during the Summer DMNC Test Period. Any shortfall between the amount of Unforced Capacity supplied by the Generator for the Summer Capability Period and the amount verified during the Summer DMNC Test Period will be subject to deficiency charges pursuant to Section 5.14.2 of this Tariff. The deficiency charges will be applied to no more than the difference between the Generator's previous Summer Capability Period Unforced Capacity and

the amount of Unforced Capacity equivalent the Generator supplied for the Summer Capability Period.

New Generators and Generators that have increased their Capacity since the previous Winter Capability Period due to changes in their generating equipment may, after satisfying the deliverability requirements set forth in the applicable provisions of Attachment X, Attachment Z and Attachment S to the ISO OATT, qualify to supply Unforced Capacity on a foregoing basis during the Winter Capability Period based upon a DMNC test that is performed and reported to the ISO after September 1 and prior to the beginning of the Winter Capability Period DMNC Test Period. The Generator will be required to verify the claimed DMNC rating by performing an additional test during the Winter Capability Period DMNC Test Period. Any shortfall between the amount of Unforced Capacity certified by the Generator for the Winter Capability Period and the amount verified during the Winter Capability Period DMNC Test Period will be subject to deficiency charges pursuant to Section 5.14.2 of this Tariff. The deficiency charges will be applied to no more than the difference between the Generator's previous Winter Capability Period Unforced Capacity and the amount of Unforced Capacity equivalent the Generator supplied for the Winter Capability Period.

Any Installed Capacity Supplier, except as noted in Section 5.12.11 of this ISO Services Tariff, which fails on a daily basis to schedule, Bid, or declare to be unavailable in the Day-Ahead Market an amount of Unforced Capacity, expressed in terms of Installed Capacity Equivalent, that it certified for that day, rounded down to the nearest whole MW, is subject to sanctions pursuant to Section 5.12.12.2 of this Tariff. If an entity other than the owner of an Energy Limited Resource, Generator, System Resource, or Control Area System Resource that is providing Unforced Capacity is responsible for fulfilling bidding, scheduling, and notification

requirements, the owner and that entity must designate to the ISO which of them will be responsible for complying with the scheduling, bidding, and notification requirements. The designated bidding and scheduling entity shall be subject to sanctions pursuant to Section 5.12.12.2 of this ISO Services Tariff.

#### **5.12.9 Sales of Unforced Capacity by System Resources**

Installed Capacity Suppliers offering to supply Unforced Capacity associated with Internal System Resources shall submit for each of their Resources the Operating Data and DMNC testing data or historical data described in Sections 5.12.1 and 5.12.5 of this ISO Services Tariff in accordance with the ISO Procedures. Such Installed Capacity Suppliers will be allowed to supply the amount of Unforced Capacity that the ISO determines pursuant to the ISO Procedures to reflect the appropriate Equivalent Demand Forced Outage Rate. Installed Capacity Suppliers offering to sell the Unforced Capacity associated with System Resources may only aggregate Resources in accordance with the ISO Procedures.

#### **5.12.10 Curtailment of External Transactions In-Hour**

All Unforced Capacity that is not out of service, or scheduled to serve the Internal NYCA Load in the Day-Ahead Market may be scheduled to supply Energy for use in External Transactions provided, however, that such External Transactions shall be subject to Curtailment within the hour, consistent with ISO Procedures. Such Curtailment shall not exceed the Installed Capacity Equivalent committed to the NYCA.

If an Installed Capacity Supplier's Exports are Curtailed in-hour to resolve a New York reserves shortage, the Transmission Customer scheduling such Exports shall be paid, for the remainder of the hour, the higher of the Real-Time LBMP at the New York proxy bus associated

with the Exports, or the real-time price at the relevant proxy bus used by the External Control Area for Transactions with New York.

#### **5.12.11 Responsible Interface Parties, Municipally-Owned Generation, Energy Limited Resources and Intermittent Power Resources**

##### **5.12.11.1 Responsible Interface Parties**

Responsible Interface Parties may qualify as Installed Capacity Suppliers, without having to comply with the daily bidding, scheduling, and notification requirements set forth in Section 5.12.7 of this Tariff, if their Special Case Resources: (i) are available to operate for a minimum of four (4) consecutive hours each day, at the direction of the ISO, except for those subject to operating limitations established by environmental permits, which will not be required to operate in excess of two (2) hours and which will be derated by the ISO pursuant to ISO Procedures to account for the Load serving equivalence of the hours actually available, following notice of the potential need to operate twenty-one (21) hours in advance if notification is provided by 3:00 P.M. ET, or twenty-four (24) hours in advance otherwise, and a notification to operate two (2) hours ahead; and (ii) were not operated as a Load modifier coincident with the peak upon which the LSE Unforced Capacity Obligation of the LSE that serves that customer is based, unless that LSE's LSE Unforced Capacity Obligation is adjusted upwards to prevent double-counting.

Responsible Interface Parties supplying Unforced Capacity cannot offer the Demand Reduction associated with such Unforced Capacity in the Emergency Demand Response Program. A Resource with sufficient metering to distinguish MWs of Demand Reduction may participate as a Special Case Resource and in the Emergency Demand Response Program

provided that the same MWs are not committed both as Unforced Capacity and to the Emergency Demand Response Program.

The ISO will have discretion, pursuant to ISO Procedures, to exempt distributed Generators that are incapable of starting in two (2) hours from the requirement to operate on two (2) hours notification. Distributed Generators and Loads capable of being interrupted upon demand, that are not available on certain hours or days will be derated by the ISO, pursuant to ISO Procedures, to reflect the Load serving equivalence of the hours they are actually available.

Responsible Interface Parties must submit a Minimum Payment Nomination, in accordance with ISO Procedures. The ISO may request Special Case Resource performance from less than the total number of Special Case Resources within the NYCA or a Load Zone in accordance with ISO Procedures.

Distributed Generators and Loads capable of being interrupted upon demand will be required to comply with verification and validation procedures set forth in the ISO Procedures. Such procedures will not require metering other than interval billing meters on customer Load or testing other than DMNC or sustained disconnect, as appropriate, unless agreed to by the customer, except that Special Case Resources not called to supply Energy in a Capability Period will be required to run a test once every Capability Period in accordance with the ISO Procedures.

Unforced Capacity supplied in a Bilateral Transaction by a Special Case Resource pursuant to this subsection may only be resold if the purchasing entity or the Installed Capacity Marketer has agreed to become a Responsible Interface Party and comply with the ISO notification requirements for Special Case Resources. LSEs and Installed Capacity Marketers may become Responsible Interface Parties and aggregate Special Case Resources and sell the

Unforced Capacity associated with them in an ISO-administered auction if they comply with ISO notification requirements for Special Case Resources.

Responsible Interface Parties that were requested to reduce Load in any month shall submit performance data to the NYISO, within 75 days of each called event or test, in accordance with ISO Procedures. Failure by a Responsible Interface Party to submit performance data for any Special Case Resources required to respond to the event or test within the 75-day limit will result in zero performance attributed to those Special Case Resources for purposes of satisfying the Special Case Resource's capacity obligation as well as for determining energy payments. All performance data are subject to audit by the NYISO and its market monitoring unit. If the ISO determines that it has made an erroneous payment to a Responsible Interface Party, the ISO shall have the right to recover it either by reducing other payments to that Responsible Interface Parties or by resolving the issue pursuant to other provisions of this Services Tariff or other lawful means.

Provided the Responsible Interface Party supplies evidence of such reductions in 75 days, the ISO shall pay the Responsible Interface Party that, through their Special Case Resources, caused a verified Load reduction in response to (i) an ISO request to perform due to a Forecast Reserve Shortage (ii) an ISO declared Major Emergency State, (iii) an ISO request to perform made in response to a request for assistance for Load relief purposes or as a result of a Local Reliability Rule, or (iv) a test called by the ISO, for such Load reduction, in accordance with ISO Procedures. Subject to performance evidence and verification, in the case of a response pursuant to clauses (i), (ii), of (iii) of this subsection, Suppliers that schedule Responsible Interface Parties shall be paid the zonal Real-Time LBMP for the period of requested performance or four (4) hours, whichever is greater, in accordance with ISO Procedures; provided, however, Special

Case Resource Capacity shall settle Demand Reductions, in the interval and for the capacity for which Special Case Resource Capacity has been scheduled Day-Ahead to provide Operating Reserves, Regulation Service or Energy, as being provided by a Supplier of Operating Reserves, Regulation Service or Energy.

In the event that a Responsible Interface Party's Minimum Payment Nomination for a Special Case Resource, for the number of hours of requested performance or the minimum four (4) hour period, whichever is greater, exceeds the LBMP revenue received, the Special Case Resource will be eligible for a Bid Production Cost Guarantee to make up the difference, in accordance with Section 4.23 of this Services Tariff and ISO Procedures; provided, however, the ISO shall set to zero the Minimum Payment Nomination for Special Case Resource Capacity in each interval in which such Capacity was scheduled Day-Ahead to provide Operating Reserves, Regulation Service or Energy. 4..Subject to performance evidence and verification, in the case of a response pursuant to clause (iv) of this subsection, payment for participation in tests called by the ISO shall be equal to the zonal Real Time LBMP for the MWh of Energy reduced within the test period.

Transmission Owners that require assistance from distributed Generators larger than 100 kW and Loads capable of being interrupted upon demand for Load relief purposes or as a result of a Local Reliability Rule, shall direct their requests for assistance to the ISO for implementation consistent with the terms of this section. Within Load Zone J, participation in response to an ISO request to perform made as a result of a request for assistance from a Transmission Owner for less than the total number of Special Case Resources, for Load relief purposes or as a result of a Local Reliability Rule, in accordance with ISO Procedures, shall be

voluntary and the responsiveness of the Special Case Resource shall not be taken into account for performance measurement.

**5.12.11.1.1 Special Case Resource Average Coincident Load or Provisional Average Coincident Load**

The ISO must receive from the Responsible Interface Party that registers a Special Case Resource the calculation of Average Coincident Load in accordance with ISO Procedures. The Responsible Interface Party shall compute the Average Coincident Load using the SCR Load Zone Peak Hours for each Special Case Resource. The only exception to this requirement is if (i) the Special Case Resource has not previously been enrolled with the NYISO and (ii) never had interval metering Load data for each month in the Prior Equivalent Capability Period needed to compute the Special Case Resource's Average Coincident Load, in which instance the NYISO must receive a Provisional Average Coincident Load from the Responsible Interface Party, computed and received in accordance with ISO Procedures; provided, however, a Provisional Average Coincident Load shall (a) be only for a maximum of three (3) consecutive Capability Periods, and (b) apply to the resource for the entire Capability Period for which the value is established regardless of whether the resource is later enrolled by a Responsible Interface Party other than the one which reported the Provisional Average Coincident Load to the ISO for the period.

The Responsible Interface Party shall report any SCR Change of Status in accordance with ISO Procedures. The ISO shall adjust the Average Coincident Load (or, if applicable, Provisional Average Coincident Load) of the Special Case Resource for any SCR Change of Status, in accordance with ISO Procedures, for all months to which the SCR Change of Status is applicable.

#### **5.12.11.1.2 Average Coincident Load of an SCR Aggregation**

The ISO shall compute the Average Coincident Load of an SCR Aggregation each month in accordance with ISO Procedures.

#### **5.12.11.2 Existing Municipally-Owned Generation**

A municipal utility that owns existing generation in excess of its Unforced Capacity requirement, net of NYPA-provided Capacity may, consistent with the deliverability requirements set forth in Attachment X and Attachment S to the ISO OATT, offer the excess Capacity for sale as Installed Capacity provided that it is willing to operate the generation at the ISO's request, and provided that the Energy produced is deliverable to the New York State Power System. Such a municipal utility shall not be required to comply with the requirement of Section 5.12.7 of this Tariff that an Installed Capacity Supplier bid into the Energy market or enter into Bilateral Transactions. Municipal utilities shall, however, be required to submit their typical physical operating parameters, such as their start-up times, to the ISO. This subsection is only applicable to municipally-owned generation in service or under construction as of December 31, 1999.

#### **5.12.11.3 Energy Limited Resources**

An Energy Limited Resource may, consistent with the deliverability requirements set forth in Attachment X and Attachment S to the ISO OATT, qualify as an Installed Capacity Supplier if it Bids its Installed Capacity Equivalent into the Day-Ahead Market each day and if it is able to provide the Energy equivalent of the Unforced Capacity for at least four (4) consecutive hours each day. Energy Limited Resources shall also Bid a Normal Upper Operating Limit or Emergency Upper Operating Limit, as applicable, designating their desired operating limits. Energy Limited Resources that are not scheduled in the Day-Ahead Market to

operate at a level above their bid-in upper operating limit, may be scheduled in the RTC, or may be called in real-time pursuant to a manual intervention by ISO dispatchers, who will account for the fact that Energy Limited Resource may not be capable of responding.

#### **5.12.11.4 Intermittent Power Resources**

Intermittent Power Resources that depend upon wind as their fuel may qualify as Installed Capacity Suppliers, without having to comply with the daily bidding and scheduling requirements set forth in Section 5.12.7 of this Tariff, and may be consistent with the deliverability requirements set forth in Attachment X and Attachment S to the ISO OATT, claim up to their nameplate Capacity as Installed Capacity. To qualify as Installed Capacity Suppliers, such Intermittent Power Resources shall comply with the requirements of Section 5.12.1 and the outage notification requirements of 5.12.7 of this Tariff.

#### **5.12.12 Sanctions Applicable to Installed Capacity Suppliers and Transmission Owners**

Pursuant to this section, the ISO may impose financial sanctions on Installed Capacity Suppliers and Transmission Owners that fail to comply with certain provisions of this Tariff. The ISO shall notify Installed Capacity Suppliers and Transmission Owners prior to imposing any sanction and shall afford them a reasonable opportunity to demonstrate that they should not be sanctioned and/or to offer mitigating reasons why they should be subject to a lesser sanction. The ISO may impose a sanction lower than the maximum amounts allowed by this section at its sole discretion. Installed Capacity Suppliers and Transmission Owners may challenge any sanction imposed by the ISO pursuant to the ISO Dispute Resolution Procedures.

Any sanctions collected by the ISO pursuant to this section will be applied to reduce the Rate Schedule 1 charge under this Tariff.

#### **5.12.12.1 Sanctions for Failing to Provide Required Information**

If (i) an Installed Capacity Supplier fails to provide the information required by Sections 5.12.1.1, 5.12.1.2, 5.12.1.3, 5.12.1.4, or 5.12.1.8 of this Tariff in a timely fashion, or (ii) a Supplier of Unforced Capacity from External System Resources located in an External Control Area or from a Control Area System Resource that has agreed not to Curtail the Energy associated with such Installed Capacity, or to afford it the same Curtailment priority that it affords its own Control Area Load, fails to provide the information required for certification as an Installed Capacity Supplier established in the ISO Procedures, the ISO may take the following actions: On the first day that required information is late, the ISO shall notify the Installed Capacity Supplier that required information is past due and that it reserves the right to impose financial sanctions if the information is not provided by the end of the following day. Starting on the third day that the required information is late, the ISO may impose a daily financial sanction of up to the higher of \$500 or \$5 per MW of Installed Capacity that the Generator, System Resource, or Control Area System Resource in question is capable of providing. Starting on the tenth day that the required information is late, the ISO may impose a daily financial sanction of up to the higher of \$1000 or \$10 per MW of Installed Capacity that the Generator, System Resource, or Control Area System Resource in question is capable of providing.

If an Installed Capacity Supplier fails to provide the information required by Subsection 5.12.1.5 of this Tariff in a timely fashion, the ISO may take the following actions: On the first calendar day that required information is late, the ISO shall notify the Installed Capacity Supplier that required information is past due and that it reserves the right to impose financial sanctions if the information is not provided by the end of that first calendar day. Starting on the second calendar day that the required information is late, the ISO may impose a daily financial sanction

up to the higher of \$500 or \$5 per MW of Installed Capacity that the Generator, System Resource, or Control Area System Resource in question is capable of providing.

If a TO fails to provide the information required by Subsection 5.11.3 of this Tariff in a timely fashion, the ISO may take the following actions: On the first day that required information is late, the ISO shall notify the TO that required information is past due and that it reserves the right to impose financial sanctions if the information is not provided by the end of the following day. Starting on the third day that the required information is late, the ISO may impose a daily financial sanction up to \$5,000 a day. Starting on the tenth day that required information is late, the ISO may impose a daily financial sanction up to \$10,000.

#### **5.12.12.2 Sanctions for Failing to Comply with Scheduling, Bidding, and Notification Requirements**

On any day in which an Installed Capacity Supplier fails to comply with the scheduling, bidding, or notification requirements of Sections 5.12.1.6, 5.12.1.7, or 5.12.1.10, or with Section 5.12.7 of this Tariff, or in which a Supplier of Installed Capacity from External System Resources or Control Area System Resources located in an External Control Area that has agreed not to Curtail the Energy associated with such Installed Capacity, or to afford it the same Curtailment priority that it affords its own Control Area Load, fails to comply with scheduling, bidding, or notification requirements for certification as an Installed Capacity Supplier established in the ISO Procedures, the ISO may impose a financial sanction up to the product of a deficiency charge (pro-rated on a daily basis) and the maximum number of MWs that the Installed Capacity Supplier failed to schedule or Bid in any hour in that day provided, however, that no financial sanction shall apply to any Installed Capacity Supplier who demonstrates that the Energy it schedules, bids, or declares to be unavailable on any day is not less than the Installed Capacity that it supplies for that day rounded down to the nearest whole MW. The

deficiency charge may be up to one and one-half times the applicable Market-Clearing Price of Unforced Capacity determined in the ICAP Spot Market Auction for each month in which the Installed Capacity Supplier is determined not to have complied with the foregoing requirements.

In addition, if an Installed Capacity Supplier fails to comply with the scheduling, bidding, or notification requirements of Sections 5.12.1.6, 5.12.1.7, or 5.12.1.10, or with Section 5.12.7 of this Tariff, or if an Installed Capacity Supplier of Unforced Capacity from External System Resources or from a Control Area System Resource located in an External Control Area that has agreed not to curtail the Energy associated with such Unforced Capacity, or to afford it the same curtailment priority that it affords its own Control Area Load, fails to comply with the scheduling, bidding, or notification requirements for certification as an Installed Capacity Supplier established in the ISO Procedures during an hour in which the ISO curtails Transactions associated with NYCA Installed Capacity Suppliers, the ISO may impose an additional financial sanction equal to the product of the number of MWs the Installed Capacity Supplier failed to schedule during that hour and the corresponding Real-Time LBMP at the applicable Proxy Generator Bus.

## **5.14 Installed Capacity Spot Market Auction and Installed Capacity Supplier Deficiencies**

### **5.14.1 LSE Participation in the ICAP Spot Market Auction**

#### **5.14.1.1 ICAP Spot Market Auction**

When the ISO conducts each ICAP Spot Market Auction it will account for all Unforced Capacity that each NYCA LSE has certified for use in the NYCA to meet its NYCA Minimum Installed Capacity Requirement or Locational Minimum Installed Capacity Requirement, as applicable, whether purchased through Bilateral Transactions or in prior auctions. The ISO shall receive offers of Unforced Capacity that has not previously been purchased through Bilateral Transactions or in prior auctions from qualified Installed Capacity Suppliers for the ICAP Spot Market Auction. The ISO shall also receive offers of Unforced Capacity from any LSE for any amount of Unforced Capacity that LSE has in excess of its NYCA Minimum Unforced Capacity Requirement or Locational Minimum Unforced Capacity Requirement, as applicable. Unforced Capacity that will be exported from the New York Control Area during the month for which Unforced capacity is sold in an ICAP Sport Market Auction shall be certified to the NYISO by the certification deadline for that auction.

The ISO shall conduct an ICAP Spot Market Auction to purchase Unforced Capacity which shall be used by an LSE toward all components of its LSE Unforced Capacity Obligation for each Obligation Procurement Period immediately preceding the start of each Obligation Procurement Period. The exact date of the ICAP Spot Market Auction shall be established in the ISO Procedures. All LSEs shall participate in the ICAP Spot Market Auction. In the ICAP Spot Market Auction, the ISO shall submit monthly bids on behalf of all LSEs at a level per MW determined by the ICAP Demand Curves established in accordance with this Tariff and the ISO

Procedures. The ICAP Spot Market Auction will set the LSE Unforced Capacity Obligation for each NYCA LSE in accordance with the ISO Procedures.

The ICAP Spot Market Auction will be conducted and solved simultaneously for Unforced Capacity that may be used by an LSE towards all components of its LSE Unforced Capacity Obligation for that Obligation Procurement Period using the applicable ICAP Demand Curves, as established in accordance with the ISO Procedures. LSEs that are awarded Unforced Capacity in the ICAP Spot Market Auction shall pay to the ISO the Market-Clearing Price of Unforced Capacity determined in the ICAP Spot Market Auction using the applicable ICAP Demand Curve. The ISO shall pay Installed Capacity Suppliers that are selected to provide Unforced Capacity the Market-Clearing Price determined in the ICAP Spot Market Auction using the applicable ICAP Demand Curve.

#### **5.14.1.2 Demand Curve and Adjustments**

Three ICAP Demand Curves will be established: one to determine the locational component of LSE Unforced Capacity Obligations for each of the two Localities, and one to determine the total LSE Unforced Capacity Obligations for all LSEs. The ICAP Demand Curves for the 2010/2011, 2011/2012, 2012/2013, and 2013/2014 Capability Years shall be established at the following points:

Capability Year	5/1/2010 to 4/30/2011	5/1/2011 to 4/30/2012	5/1/2012 to 4/30/2013	5/1/2013 to 4/30/2014
NYCA	Max @ \$13.42 \$9.90 @ 100% \$0.00 @ 112%	Max @ \$14.65 \$8.86 @ 100% \$0.00 @ 112%	Max @ \$14.90 \$9.01 @ 100% \$0.00 @ 112%	Max @ \$15.16 \$9.17 @ 100% \$0.00 @ 112%
NYC	Max @ \$27.32 \$15.99 @ 100% \$0.00 @ 118%	Max @ \$32.36 \$16.91 @ 100% \$0.00 @ 118%	Max @ \$32.91 \$17.20 @ 100% \$0.00 @ 118%	Max @ \$33.47 \$17.49 @ 100% \$0.00 @ 118%

LI	Max @ \$24.25 \$8.69 @ 100% \$0.00 @ 118%	Max @ \$29.43 \$6.31 @ 100% \$0.00 @ 118%	Max @ \$29.93 \$6.42 @ 100% \$0.00 @ 118%	Max @ \$30.43 \$6.52 @ 100% \$0.00 @ 118%
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NOTE: All dollar figures are in terms of \$/kW-month of ICAP and all percentages are in terms of the applicable NYCA Minimum Installed Capacity Requirement and Locational Minimum Installed Capacity Requirement. The defined points describe a line segment with a negative slope that will result in higher values for percentages less than 100% of the NYCA Minimum Installed Capacity Requirement or the Locational Installed Capacity Requirement with the maximum value for each ICAP Demand Curve established at 1.5 times the estimated localized levelized cost per kW-month to develop a new peaking unit in each Locality or in Rest of State, as applicable.

In subsequent years, the costs assigned to the NYCA Minimum Installed Capacity Requirement and the Locational Minimum Installed Capacity Requirement by the ICAP Demand Curves will be defined by the results of the independent review conducted pursuant to this section. The ICAP Demand Curves will be translated into Unforced Capacity terms in accordance with the ISO Procedures.

A periodic review of the ICAP Demand Curves shall be performed every three (3) years in accordance with the ISO Procedures to determine the parameters of the ICAP Demand Curves for the next three Capability Years. The periodic review shall assess: (i) the current localized levelized embedded cost of a peaking unit in each NYCA Locality and the Rest of State to meet minimum capacity requirements; (ii) the likely projected annual Energy and Ancillary Services revenues of the peaking unit over the period covered by the adjusted ICAP Demand Curves, net of the costs of producing such Energy and Ancillary Services, under conditions in which the available capacity would equal or slightly exceed the minimum Installed Capacity requirement; (iii) the appropriate shape and slope of the ICAP Demand Curves, and the associated point at which the dollar value of the ICAP Demand Curves should decline to zero; and (iv) the appropriate translation of the annual net revenue requirement of the peaking unit determined

from the factors specified above, into monthly values that take into account seasonal differences in the amount of capacity available in the ICAP Spot Market Auctions. For purposes of this review, a peaking unit is defined as the unit with technology that results in the lowest fixed costs and highest variable costs among all other units' technology that are economically viable.

The periodic review shall be conducted in accordance with the schedule and procedures specified in the ISO Procedures. A proposed schedule will be reviewed with the stakeholders not later than May 30 of the year prior to the year of the filing specified in (xi) below. The schedule and procedures shall provide for:

- 5.14.1.2.1 ISO development, with stakeholder review and comment, of a request for proposals to provide independent consulting services to determine recommended values for the factors specified above, and appropriate methodologies for such determination;
- 5.14.1.2.2 Selection of an independent consultant in accordance with the request for proposals;
- 5.14.1.2.3 Submission to the ISO and the stakeholders of a draft report from the independent consultant on the independent consultant's determination of recommended values for the factors specified above;
- 5.14.1.2.4 Stakeholder review of and comment on the data, assumptions and conclusions in the independent consultant's draft report, with participation by the responsible person or persons providing the consulting services;
- 5.14.1.2.5 An opportunity for the Market Monitoring Unit to review and comment on the draft request for proposals, the independent consultant's report, and the ISO's proposed ICAP Demand Curves (the responsibilities of the Market Monitoring

Unit that are addressed in this section of the Services Tariff are also addressed in Section 30.4.6.3.1 of Attachment O;

- 5.14.1.2.6 Issuance by the independent consultant of a final report;
- 5.14.1.2.7 Issuance of a draft of the ISO's recommended adjustments to the ICAP Demand Curves for stakeholder review and comment;
- 5.14.1.2.8 Issuance of the ISO's proposed ICAP Demand Curves, taking into account the report of the independent consultant, the recommendations of the Market Monitoring Unit, and the views of the stakeholders together with the rationale for accepting or rejecting any such inputs;
- 5.14.1.2.9 Submission of stakeholder requests for the ISO Board of Directors to review and adjust the ISO's proposed ICAP Demand Curves;
- 5.14.1.2.10 Presentations to the ISO Board of Directors of stakeholder views on the ISO's proposed ICAP Demand Curves; and
- 5.14.1.2.11 Filing with the Commission of ICAP Demand Curves as approved by the ISO Board of Directors incorporating the results of the periodic review, such filing to be made not later than November 30 of the year prior to the year that includes the beginning of the first Capability Year to which such ICAP Demand Curves would be applied. The filing shall specify ICAP Demand Curves for a period of three Capability Years.

Upon FERC approval, the ICAP Demand Curves will be translated into Unforced Capacity terms in accordance with the ISO Procedures; provided that nothing in this Tariff shall be construed to limit the ability of the ISO or its Market Participants to propose and adopt alternative provisions to this Tariff through established governance procedures.

### **5.14.1.3 Supplemental Supply Fee**

Any LSE that has not met its share of the NYCA Minimum Installed Capacity Requirement or its share of the Locational Minimum Installed Capacity Requirement after the completion of an ICAP Spot Market Auction, shall be assessed a supplemental supply fee equal to the applicable Market-Clearing Price of Unforced Capacity determined in the ICAP Spot Market Auction multiplied by the number of MWs the LSE needs to meet its share of the NYCA Minimum Installed Capacity Requirement or its share of the Locational Minimum Installed Capacity Requirement.

The ISO will attempt to use these supplemental supply fees to procure Unforced Capacity at a price less than or equal to the applicable Market-Clearing Price of Unforced Capacity determined in the ICAP Spot Market Auction from Installed Capacity Suppliers that are capable of supplying Unforced Capacity including: (1) Installed Capacity Suppliers that were not qualified to supply Capacity prior to the ICAP Spot Market Auction; (2) Installed Capacity Suppliers that offered Unforced Capacity at levels above the ICAP Spot Market Auction Market-Clearing Price; and (3) Installed Capacity suppliers that did not offer Unforced Capacity in the ICAP Spot Market Auction. In the event that different Installed Capacity Suppliers offer the same price, the ISO will give preference to Installed Capacity Suppliers that were not qualified to supply capacity prior to the ICAP Spot Market Auction.

Offers from Installed Capacity Suppliers are subject to review pursuant to the Market Monitoring Plan that is set forth in Attachment O to the Services Tariff, and the Market Mitigation Measures that are set forth in Attachment H to the Services Tariff. Installed Capacity Suppliers selected by the ISO to provide capacity after the ICAP Spot Market Auction will be paid a negotiated price, subject to the standards, procedures and remedies in the Market Mitigation Measures.

The ISO will not pay an Installed Capacity Supplier more than the applicable Market-Clearing Price of Unforced Capacity determined in the ICAP Spot Market Auction per MW of Unforced Capacity, or, in the case of In-City generation that is subject to capacity market mitigation measures, the annual mitigated price cap per MW of Unforced Capacity, whichever is less, pro-rated to reflect the portion of the Obligation Procurement Period for which the Installed Capacity Supplier provides Unforced Capacity. Any remaining monies collected by the ISO pursuant to this section will be applied in accordance with Section 5.14.3 of the Services Tariff.

#### **5.14.2 Installed Capacity Supplier Shortfalls and Deficiency Payments**

In the event that an Installed Capacity Supplier sells in the Capability Period -Auctions, in the Monthly Auctions, or through Bilateral Transactions more Unforced Capacity than it is qualified to sell in any specific month due to a de-rating or other cause, the Installed Capacity Supplier shall be deemed to have a shortfall for that month. To cover this shortfall, the Installed Capacity Supplier shall purchase sufficient Unforced Capacity in the relevant Monthly Auction or through Bilateral Transactions, and certify to the ISO consistent with the ISO Procedures that it has covered such shortfall. If the Installed Capacity Supplier does not cover such shortfall or if it does not certify to the ISO in a timely manner, the ISO shall prospectively purchase Unforced Capacity on behalf of that Installed Capacity Supplier in the appropriate ICAP Spot Market Auction or through post ICAP Spot Market Auction Unforced Capacity purchases to cover the shortfall.

If the Installed Capacity Supplier is a Responsible Interface Party, the shortfall shall be computed for each Load Zone separately, in increments of 0.1 MW, as the total of the amount of UCAP sold for a month in a Capability Period Auction or a Monthly Auction and certified prior to that month's ICAP Spot Market Auction, the UCAP sold in that month's ICAP Spot Market

Auction, and the UCAP sold as a Bilateral Transaction and certified prior to that month's ICAP Spot Market Auction that is greater than the greatest quantity MW reduction achieved during a single hour in a test or event called by the ISO in the Capability Period as confirmed by data by the ISO in accordance with ISO Procedures (or the value of zero if data is not received by the ISO in accordance with such procedures).

If the Installed Capacity Supplier is a Responsible Interface Party, after each Special Case Resource with a Provisional Average Coincident Load has its Average Coincident Load determined for the Capability Period in which it had a Provisional Average Coincident Load (such determination in accordance with ISO Procedures and without regard to whether the resource was registered to the same Responsible Interface Party at the time of the ACL determination), the ISO shall determine if there is a shortfall due to the Provisional Average Coincident Load being higher than the Average Coincident Load. This shortfall will be equal to the value, if positive, of (x) the sum of (i) the amount of UCAP a Responsible Interface Party sold in an Monthly or an ICAP Spot Market Auction or certified Bilateral Transactions for a Special Case Resource and (ii) the Special Case Resource's actual metered demand for the month in accordance with ISO Procedures, minus (y) the Special Case Resource's Average Coincident Load. If the ISO does not receive data to determine the Average Coincident Load in accordance with ISO Procedures, for each Capability Period a Special Case Resource had a Provisional Average Coincident Load, for purposes of determining the shortfall, the Average Coincident Load shall equal zero.

In the event that an External Installed Capacity Supplier fails to deliver to the NYCA the Energy associated with the Unforced Capacity it committed to the NYCA due to a failure to obtain appropriate transmission service or rights, the External Installed Capacity Supplier shall

be deemed to have a shortfall from the last time the External Installed Capacity Supplier “demonstrated” delivery of its Installed Capacity Equivalent (“ICE”), or any part thereof, until it next delivers its ICE or the end of the term for which it certified the applicable block of Unforced Capacity, whichever occurs first, subject to the limitation that any prior lack of demonstrated delivery will not precede the beginning of the period for which the Unforced Capacity was certified. An External Installed Capacity Supplier deemed to have a shortfall shall be required to pay to the ISO a deficiency charge equal to one and one-half times the applicable Market-Clearing Price of Unforced Capacity determined in the ICAP Spot Market Auction for the applicable month, prorated for the number of hours in the month that External Installed Capacity Supplier is deemed to have a shortfall (i.e.,  $((\text{deficiency charge} \div 12 \text{ months}) \div \text{total number of hours in month when shortfall occurred}) * \text{number of hours the shortfall lasted}) * \text{number of MWs of shortfall}$ ).

The ISO shall submit a Bid, calculated pursuant to Section 5.14.1 of this Tariff, in the appropriate ICAP Spot Market Auction on behalf of an Installed Capacity Supplier deemed to have a shortfall as if it were an LSE. Such Installed Capacity Supplier shall be required to pay to the ISO the applicable Market-Clearing Price of Unforced Capacity established in that ICAP Spot Market Auction. Immediately following the ICAP Spot Market Auction, the ISO may suspend the Installed Capacity Supplier’s privileges to sell or purchase Unforced Capacity in ISO-administered Installed Capacity auctions or to submit Bilateral Transactions to the NYISO. Once the Installed Capacity Supplier pays for or secures the payment obligation that it incurred in the ICAP Spot Market Auction, the ISO shall reinstate the Installed Capacity Supplier’s privileges to participate in the ICAP markets.

In the event that the ICAP Spot Market Auction clears below the NYCA Minimum Installed Capacity Requirement or the Locational Minimum Installed Capacity Requirement, whichever is applicable to the Installed Capacity Supplier, the Installed Capacity Supplier shall be assessed the applicable deficiency charge equal to the applicable Market-Clearing Price of Unforced Capacity determined in the ICAP Spot Market Auction, times the amount of its shortfall.

If an Installed Capacity Supplier is found, at any point during a Capability Period, to have had a shortfall for that Capability Period, *e.g.*, when the amount of Unforced Capacity that it supplies is found to be less than the amount it was committed to supply, the Installed Capacity Supplier shall be retrospectively liable to pay the ISO the monthly deficiency charge equal to one and one-half times the applicable Market-Clearing Price of Unforced Capacity determined in the ICAP Spot Market Auction for each month the Installed Capacity Supplier is deemed to have a shortfall.

Any remaining monies collected by the ISO pursuant to Section 5.14.1 and 5.14.2 will be applied as specified in Section 5.14.3.

### **5.14.3 Application of Installed Capacity Supplier Deficiency Charges**

Any remaining monies collected by the ISO through supplemental supply fees or Installed Capacity Supplier deficiency charges pursuant to Section 5.14.1 but not used to procure Unforced Capacity on behalf of LSEs or Installed Capacity suppliers deemed to have a shortfall shall be applied as provided in this Section 5.14.3.

#### **5.14.3.1 General Application of Deficiency Charges**

Except as provided in Section 5.14.3.2, remaining monies will be applied to reduce the Rate Schedule 1 charge in the following month.

### **5.14.3.2 Installed Capacity Rebates**

#### **(i) New York City**

If an Unforced Capacity shortfall exists during any month, the ISO shall rebate any remaining unspent deficiency charges or supplemental supply fees collected for that month for the New York City Locality allocated among all LSEs in that Locality in proportion to their share of the applicable Locational Minimum Installed Capacity Requirement. Rebates shall include interest accrued between the time payments were collected and the time that rebates are paid.

#### **(iii) Long Island**

If an Unforced Capacity shortfall exists during any month, the ISO shall rebate any remaining unspent deficiency charges or supplemental supply fees collected for that month for the Long Island Locality, allocated among all LSEs in that Locality in proportion to their share of the applicable Locational Minimum Installed Capacity Requirement. Rebates shall include interest accrued between the time payments were collected and the time that rebates are paid.

#### **(iii) Rest of State**

If an Unforced Capacity shortfall exists during any month, the ISO shall rebate any remaining unspent deficiency charges or supplemental supply fees collected for that month for the Rest of State requirements, allocated among all LSEs in each of the two Localities, New York City and Long Island, and in Rest of State, in proportion to each LSE's share of the NYCA Minimum Installed Capacity Requirement less that LSE's Locational Minimum Installed Capacity Requirement. Rebates shall include interests accrued between the time payments were collected and the time that rebates are paid.