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**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

New York Independent System Operator, Inc.

Docket No. ER17

IMPLEMENTATION AGREEMENT

Pursuant to Section 205 of the Federal Power Act (“FPA”), 16 U.S.C. § 824d, and Part 35 of the Federal Energy Regulatory Commission’s (“Commission”) regulations, 18 C.F.R. § 35, *et seq.*[], and Section 4.1.9.3 of the New York Independent System Operator Inc. (“NYISO”) Market Administration and Control Area Services Tariff (“Services Tariff”), TC Ravenswood, LLC (“TC Ravenswood”) and the NYISO (individually “Party” and collectively the “Parties”) hereby submit this Implementation Agreement fully resolving issues related to the compensation and terms and conditions under which TC Ravenswood will generate electric energy using 0.3% sulfur High Pour (“HP”) No. 6 Fuel Oil (“Fuel Oil”) in lieu of natural gas in furtherance of New York State Reliability Council’s Local Reliability Rule G.2 (Loss of Generator Gas Supply - New York City) (“Rule G.2”) (“Fuel Oil Burn for G.2”) during a three-year period beginning May 1, 2017 and ending April 30, 2020. It also establishes a cost sharing mechanism whereby TC Ravenswood and the NYISO will split the prudently incurred capital costs associated with converting the onsite storage facilities and infrastructure to #4 and/or #2 fuel oil as well as associated revisions to electric generating Units 10, 20, and 30. Payments made by the NYISO for commodity, emissions and fuel oil taxes, as applicable, shall be in accordance with its Services Tariff.¹

¹ Con Edison Steam is also sharing in the costs associated with the provision of comingled Fuel Oil supply and burning, however those agreements are not subject to the Commission's jurisdiction. Nevertheless, the filing includes information related to how costs are divided among the three uses.

As this Implementation Agreement is fair and reasonable, in the public interest, consistent with previously approved settlement agreements among the Parties and other market participants and, to the best of the Parties' knowledge, unopposed, the Parties urge prompt approval by the Commission of this Implementation Agreement without condition or modification to be effective as of May 1, 2017.

SECTION ONE

PROVISION OF FUEL OIL BURN FOR G.2

1.1 During the term of this Implementation Agreement, in return for the payments described in Section 2, in response to requests from NYISO and/or Con Edison as the Transmission Owner designated by Rule G.2, TC Ravenswood will burn Fuel Oil for G.2 needs, unless it would cause electric generating Units 10, 20, or 30 (collectively "Units" or individually "Unit") to violate the emissions limitations contained in their current permits. In the event TC Ravenswood forecasts in any notice required by Section 1.2 hereof that one or more of its Units is likely to violate the emissions limitations contained in their current permits, TC Ravenswood will make a good faith effort to obtain a waiver from EPA from these limits for the applicable unit(s). However, this Implementation Agreement does not require TC Ravenswood to invest in any improvements, changes or upgrades to its Units to reduce emissions further than current air permit limits, and TC Ravenswood is not seeking compensation under this Implementation Agreement in order to make such improvements, changes or upgrades other than those associated with conversion to #4 and/or #2 fuel oil. TC Ravenswood reserves all rights it may have to seek separate recovery of such costs in a new proceeding if and when any Unit is required to reduce its emissions, provided,

however, that nothing in this Implementation Agreement shall limit or abridge any Party's or non-party's right to protest the recovery of such costs. In the event that TC Ravenswood

receives a request to provide Fuel Oil Burn for G.2 and TC Ravenswood is forecasting that such burn is likely to cause one or more of its Units to violate the emissions limitations contained in the applicable air permit(s), TC Ravenswood will notify the NYISO and Con Edison System Operations, as the Transmission Owner designated by Rule G.2, that continued operation of the Unit(s) will be limited to burning natural gas unless and until an applicable waiver request is granted that fully relieves TC Ravenswood from its emission limitations for the applicable Unit(s) or TC Ravenswood no longer is forecasting that additional use of Fuel Oil will result in the Unit(s) violating the emissions limitations contained in the applicable air permit(s). TC Ravenswood will notify the NYISO, Con Edison System Operations, and the City of New York when it submits its waiver request to the EPA and/or, if applicable, the New York State Department of Environmental Conservation and will provide a copy of such waiver request to the NYISO, and Con Edison System Operations, and the City of New York on a confidential basis subject to limited distribution as described in Section 1.2 below.

- 1.2 TC Ravenswood shall provide the NYISO and Con Edison System Operations, as the Transmission Owner designated by Rule G.2, on a confidential basis, the following notifications and communications related to its actual and forecast Fuel Oil burn will violate the emissions limitations contained in the current permits. TC Ravenswood's confidential notifications and communications will remind Con Edison, as the Transmission Owner designated by Rule G.2, of its obligation not to disclose any of the information TC Ravenswood provides in such confidential notifications and communications to any "marketing function employee" as that term is defined in 18 C.F.R §358.3. To the extent the forecasts provided by TC Ravenswood as described below cause

it to believe that one or more Units is likely to violate the emissions limitations contained in the current permits, TC Ravenswood shall specifically identify such forecast in the Notice.

- 1.3 In order to efficiently provide Fuel Oil Burn for G.2 and satisfy its Fuel Oil procurement, storage, handling, and delivery obligations for all Fuel Oil use at the Ravenswood site during the period of May 1, 2017 through April 30, 2020, TC Ravenswood and TC Ravenswood Services LLC will co-mingle the use of their Fuel Oil storage and delivery facilities as well as Operation and Maintenance (“O&M”) activities and administrative services with the use of other Fuel Oil customers served from the Ravenswood site (“co-mingling”). Accordingly, during the period May 1, 2017 through April 30, 2020, TC Ravenswood will provide Fuel Oil Burn for G.2 using a portion of the following oil storage and delivery facilities: (i) two (2) offsite storage tanks (which equates to approximately 340,000 barrels of working storage)²; (ii) one (1) large (approximately 40,000 barrel) annual time chartered barge; and the Lemon Creek barge; and (iii) TC Ravenswood’s existing onsite storage at its Ravenswood facility (approximately 45,000 barrels), subject to the minimum reserve quantity required by the existing agreement between TC Ravenswood and Con Edison Steam. The off-site storage tank leases require the lessor to pay for tank cleaning at the end of the lease and when required inspections are due. It is expected that at a minimum one of the tanks requires an inspection cleaning during its lease term and each tank must be cleaned at the end of its lease. Estimated costs are included in the tank lease fixed costs and spread out over the three year term of the Implementation Agreement. Actual costs will be subject to a true-up at the end of the three year term as

² During Year 1 two tanks will be leased. TC Ravenswood and the NYISO will meet in December 2017 to determine if two tanks are still required and negotiate an extension for the second tank if required. The NYISO and TC Ravenswood may also have discussions with other interested market participants. The Demand Charge will be adjusted based on the actual costs associated with the second tank lease.

outlined in Section 2.4. Notwithstanding the foregoing, the Parties agree that the costs of the cleaning for tank 8563 that is anticipated to occur in May or June 2017 shall be borne solely by TC Ravenswood and shall not be recovered by TC Ravenswood pursuant to this agreement, and further, that TC Ravenswood will not seek to recover such costs in any forum. In addition, TC Ravenswood will also provide certain associated acquisition and transport administrative services.

CONVERSION FROM #6 TO #4 AND/OR #2

- 1.4 In January 2020, TC Ravenswood will no longer be permitted to burn #6 Fuel Oil.³ Accordingly, if it will continue to burn fuel oil beyond May 2020 for any purpose, capital investments must be made to convert its storage, infrastructure and the Units' fuel oil burn capabilities. Planning for and making these investments must occur during the next three years in order to be operational by January 2020. Planning and engineering is underway but the complete scope of work is not yet identified. Accordingly, neither overall nor component estimates are readily available. Nevertheless, the Parties agree that it is prudent for TC Ravenswood to begin the conversion process during the term of this Implementation Agreement and that the costs incurred during the period of this Implementation Agreement should be allocated as set forth in Section 1.6.1.
- 1.5 The Parties make no representations at this time as to whether it is prudent for TC Ravenswood to convert to #4 or # 2 Fuel Oil.
- 1.6 Given the unavailability of cost estimates for the conversion work, the Parties have agreed to the ratemaking process set forth in Section 1.6.1 in order to protect customers and ensure that activities progress in a timely manner ahead of the deadline in order to ensure

³ NYC Local Law No. 38.

uninterrupted service. Furthermore, the Parties will establish a communication protocol and process to share project information such that the Parties may provide input as the projects progress. The Parties agree to include Con Edison, as the Transmission Owner designated by Rule G.2, in the communication protocol and process.⁴

1.6.1 TC Ravenswood will establish two capital work orders for work done during the term of this Implementation Agreement, one for the fuel oil storage and infrastructure investments and one for the investments in the Units. Capital costs associated with the two projects will be charged to these work orders. Costs shall include those traditional utility costs including engineering, design, materials, project management, construction management, in-house labor, contractors, and AFUDC. No maintenance work or costs will be included in the work orders. Upon completion of the projects, and before TC Ravenswood shall be permitted to recover any costs, TC Ravenswood shall: (1) file the costs it proposes to recover with the Commission for determinations that the costs were prudently incurred and should be recovered by TC Ravenswood; and (2) file a proposed rate design for the Commission's approval. As part of this Implementation Agreement, the NYISO agrees to pay 1/3 of the Commission- approved fuel oil storage and infrastructure investments (each of Con Edison Steam and Ravenswood also pay 1/3) and 1/2 of the Commission-approved investments in the Units (Ravenswood also pays 1/2), all in accordance with the rate design ultimately approved by the Commission. Consistent with Section 4.1.9.3 of the Services Tariff, and prior to TC Ravenswood making the required filing with the Commission, TC Ravenswood and the NYISO

⁴ The NYISO and TC Ravenswood may also have discussions with other interested market participants.

shall engage in good faith negotiations over a period of at least three months to: (1) determine which costs are prudently incurred costs that should be included in TC Ravenswood's filing; and (2) develop a mutually acceptable rate design.⁵ If the NYISO and TC Ravenswood reach agreement on these issues, TC Ravenswood shall so note such agreement in its filing. TC Ravenswood acknowledges that any market participant may protest TC Ravenswood's filing and raise any challenges it deems appropriate, including but not limited to: (1) the amount of actual costs incurred; (2) whether such costs were prudently incurred; (3) whether TC Ravenswood's choice between converting to #4 or #2 Fuel Oil was prudent; and (4) other rate design issues; provided that the Parties shall not contest and Con Edison, as the Transmission Owner designated by Rule G.2, supports: (1) the need to convert from #6 Fuel Oil; or (2) the percentage splits of costs ultimately approved by the Commission agreed to in this Implementation Agreement.

1.6.2 During the conversion process, TC Ravenswood shall maintain adequate fuel oil storage and prudent fuel oil operations in order to carry out its obligations under this Implementation Agreement.

SECTION TWO

PAYMENT FOR THE PERIOD MAY 1, 2017 THROUGH APRIL 30, 2020

2.1 The NYISO will pay TC Ravenswood the Demand Charges, Premium Costs and O&M Costs set forth below as compensation for TC Ravenswood's provision of Fuel Oil Burn for G.2. The term Demand Charges as used herein refers to a charge that will enable TC Ravenswood to recover costs for transporting, maintaining, storing, and handling Fuel Oil

⁵ The NYISO and TC Ravenswood may also have discussions with other interested market participants.

to provide Fuel Oil Burn for G.2 that TC Ravenswood incurs regardless of the amount of Fuel Oil Burn for G.2 it provides. A list of the categories of costs that comprise the basis for the Demand Charge is contained in Appendix A. Confidential Appendix B contains an itemization of the costs that form the basis for the Demand Charges. The term Premium Costs has the meaning set forth in Section 2.3.1 hereof. The term O&M Costs has the meaning set forth in Section 2.3.3 hereof. For purposes of this Implementation Agreement, “Year 1” shall be the period May 1, 2017 through April 30, 2018, “Year 2” shall be the period May 1, 2018 through April 30, 2019, and “Year 3” shall be the period May 1, 2019 through April 30, 2020.

2.2 Demand Charges⁶

2.2.1 For Year 1, the NYISO shall pay to TC Ravenswood a Demand Charge of \$4,198,225.21.

2.2.2 In Year 2 and Year 3, the NYISO shall pay to TC Ravenswood the Demand Charge payable in Year 1, provided however the costs of certain elements contributing to the Demand Charge shall be escalated by 3% in Year 2 and again in Year 3. The second off-site leased tank may also have a revised cost, if it is no longer required, a smaller tank is required, or if the lease rate increases. The lease rate for the second off-site tank is assumed to be flat for the duration of the Implementation Agreement, however it will be revised as appropriate if a change is necessary to reflect reduced or increased lease costs, in which event TC Ravenswood shall provide appropriate documentation to the NYISO. Confidential Appendix B shows

⁶ With respect to off-site tank leases, transient barge lease and on-site tanks, Con Edison Steam, the NYISO and Ravenswood each pay 1/3 of the costs. With respect to the Lemon Creek barge, Con Edison Steam pays 58%, the NYISO pays 32% and Ravenswood pays 10%. With respect to O&M, Con Edison Steam pays 50%, the NYISO pays 20% and Ravenswood pays 30%. These percentages are noted in the Appendices.

which items contributing to the Demand Charge will be escalated by 3% and the associated annual Demand Charges.

2.2.3 Accordingly, the following Demand Charges will be payable in each of the three years of the term of this Implementation Agreement:

For Year 1	\$ 4,198,225.21
Year 2	\$ 4,247,514.77
Year 3	\$ 4,298,836.83

The NYISO shall pay TC Ravenswood the Demand Charges for Years 1 through 3 regardless of: (i) whether Fuel Oil has been burned in accordance with G.2; (ii) the relative cost of the Fuel Oil compared to natural gas reflected in the reference levels for the Units; and (iii) any revisions to the Services Tariff or Rule G.2 that occur after the date this Implementation Agreement is executed. Demand Charges will be adjusted based on the actual lease cost of the second off-site tank.

2.3 Premium Costs and O&M Costs

2.3.1 In addition to the Demand Charges, for every barrel of Fuel Oil burned in furtherance of G.2 that is eligible for commodity cost compensation in accordance with Section 4.1.9.2 of the Services Tariff, the NYISO shall pay TC Ravenswood a premium of \$0.75 per barrel, which shall not be subject to escalation, over the commodity cost eligible for compensation in accordance with Section 4.1.9.2 of the Services Tariff ("Premium Cost") which Premium Cost payments shall be subject to a true-up pursuant to Section 2.4 of this Implementation Agreement provided that the invoiced premiums, as described in Section 2.4, are separately shown on TC Ravenswood's Fuel Oil invoices.

2.3.2 TC Ravenswood shall provide Con Edison written notification within one business day when it incurs a premium equal to, or greater than, \$0.75 per barrel of Fuel Oil pursuant to Section 2.3.1 above.

2.3.3 For every barrel of Fuel Oil burned in furtherance of G.2 that is eligible for commodity cost compensation in accordance with Section 4.1.9.2 of the Services Tariff, the NYISO shall also pay TC Ravenswood a per barrel O&M Cost as noted in Attachment B for Fuel Oil Burn for G.2 associated with the use of the on-site tanks and equipment at the TC Ravenswood Generating Station. The O&M Cost shall be fixed for the term of this Implementation Agreement and shall not be subject to escalation.

2.4 Reconciliation of Tank Cleaning and Premium Cost payments

2.4.1 To obtain a true-up of the invoiced premiums to the Premium Cost payments for Years 1, 2, and/or 3, TC Ravenswood shall provide to the NYISO all Fuel Oil invoices for Year 1 by June 15, 2018, for Year 2 by June 15, 2019, and for Year 3 by June 15, 2020. Should the invoiced premiums paid by TC Ravenswood for Fuel Oil burned in furtherance of G.2 in Years 1, 2 and/or 3, respectively, exceed the Premium Cost payment made in Years 1, 2, and/or 3, respectively, by more than \$25,000, the NYISO shall reimburse TC Ravenswood for the total excess of the invoiced premiums over the Premium Cost payment made. Should the Premium Cost payment made in Years 1, 2 and/or 3, respectively, exceed the invoiced premiums paid by TC Ravenswood for Fuel Oil burned in furtherance of G.2 in Years 1, 2, and/or 3, respectively, by more than \$25,000, TC Ravenswood shall reimburse the NYISO for the total excess of the Premium Costs paid over the

invoiced premiums. To obtain a true-up of the invoiced tank cleaning costs during the three year term of this Implementation Agreement, TC Ravenswood shall provide to the NYISO all tank cleaning invoices by June 15, 2020. Should the invoiced amounts paid by TC Ravenswood for tank cleaning exceed the estimated cost included in the Demand Charge, by more than \$25,000, the NYISO shall reimburse TC Ravenswood for the total excess of the invoiced amounts. Should the amounts paid to TC Ravenswood for tank cleaning exceed the estimated cost included in the Demand Charge, by more than \$25,000, TC Ravenswood shall reimburse the NYISO for the total excess.

2.4.2 True-up payments to or from TC Ravenswood, if any, for Premium Costs shall be included on the NYISO invoices to TC Ravenswood for the months of July 2018, July 2019 and July 2020 respectively. True-up payments to or from TC Ravenswood, if any, for Tank Cleaning shall be included on the NYISO invoices to TC Ravenswood for the month of July 2020.

2.5 The NYISO shall pay TC Ravenswood the Demand Charge for Years 1, 2, and 3 in five equal amounts using the NYISO's normal billing cycle for the months of May through September, for the time period covered by this Implementation Agreement, provided however, payment and appropriate interest, calculated pursuant to Section 2.6, for May 2017 will be made on the first initial invoice issued following a Commission Order accepting this Implementation Agreement; depending on when a Commission Order accepting the Implementation Agreement is issued, as necessary, payment for June 2017 and appropriate interest, calculated pursuant to Section 2.6 will be made on the second initial invoice issued following a Commission Order accepting this Implementation

Agreement and payment for July, 2017 and appropriate interest, calculated pursuant to Section 2.6 shall be made on the third initial invoice issued following a Commission Order accepting this Implementation Agreement. It is expected that payments for August 2017 and September 2017 and for Years 2 and 3 will be made in the normal course of the NYISO's billing cycles. The per barrel Premium Cost and O&M Cost paid pursuant to Section 2.3 of this Implementation Agreement shall be paid by the NYISO in the billing cycle immediately after the cycle in which costs were incurred and billed to the NYISO, provided however, payment and interest, if any, of a per barrel Premium Cost or O&M Cost pursuant to Section 2.3 for fuel oil burn in May, June or July, 2017 will be made with interest and on the invoices specified above.

2.6 Payments made pursuant to Section 2.5 shall include interest, calculated in accordance with 18 CFR § 35.19a, from the disbursement date of the first monthly invoice after service was rendered to the disbursement of payment as specified in the NYISO's normal billing cycle, provided, however, interest on the payments for May, June and July 2017 shall be due from the disbursement date of the May, June and July 2017 initial monthly invoices, respectively, to the disbursement date of the monthly invoice on which the amounts to be paid for May, June and July 2017, pursuant to Paragraph 2.5, appear.

2.7 NYISO will allocate Demand Charges, per barrel Premium Costs and O&M Costs, paid to TC Ravenswood pursuant to this Implementation Agreement, under the provisions of Section 6.1.7 of the NYISO's Open Access Transmission Tariff ("OATT"), that are in effect at the time this Implementation Agreement is executed, to all load withdrawals in the Con

Edison Transmission District (Load Zones H, I and J) based on each Load Serving Entity's ("LSE's") load ratio share.

- 2.7.1 Demand Charges, paid pursuant to Sections 2.2 and 2.5 of the Implementation Agreement, will be allocated among all load withdrawals in the Con Edison Transmission District (Load Zones H, I and J) based on each LSE's load ratio share for months of May through September during Years 1, 2 and 3, except as provide in Section 2.7.3.
- 2.7.2 All per barrel Premium Cost and O&M Costs paid pursuant to Section 2.3 of the Implementation Agreement shall be allocated among all load withdrawals in the Con Edison Transmission District (Load Zones H, I and J) based on each LSE's load ratio share for Years 1, 2, and 3, in the billing cycle immediately after the cycle in which costs were incurred and billed to the NYISO, except as provided in Section 2.7.3.
- 2.7.3 With respect to May, June and July of 2017, the Demand Charges, per barrel Premium Costs and O&M Costs paid pursuant to Sections 2.2, 2.3 and 2.5, will be allocated among all load withdrawals in the Con Edison Transmission District (Load Zones H, I and J) based on each LSE's load ratio share for the same month for which the payments to TC Ravenswood of the Demand Charges and per barrel Premium Costs and O&M costs are invoiced.
- 2.8 To the extent that TC Ravenswood determines during the term of this Implementation Agreement that it needs to obtain a spot barge to provide Oil Burn for G.2 beyond those initially designated in this Implementation Agreement, TC Ravenswood will inform the NYISO, and others as appropriate, of the need and its attempt to obtain the spot barge, and negotiate the cost of the spot barge which includes the costs of heating, tugging, booming, testing and inspections to the extent they can be procured (hereinafter referred to as

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“Supplemental Costs”). If such spot barge is obtained, TC Ravenswood shall bear one-third (1/3) of such Supplemental Costs and the NYISO shall pay to TC Ravenswood and recover two-thirds (2/3) of such Supplemental Costs as a cost for Fuel Oil Burn for G.2 pursuant to Section 6.1.7 of the OATT unless Con Edison Steam determines that it needs Fuel Oil that would be procured pursuant to this Section. If Con Edison Steam determines that it does need additional Fuel Oil that would be procured pursuant to this Section, and it provides written notice to TC Ravenswood of such determination no later than five business days following notice from TC Ravenswood that it needs to obtain a spot barge to provide Fuel Oil Burn for G.2, the NYISO shall pay to TC Ravenswood and recover one-third (1/3) of such Supplemental Costs as a cost for Fuel Oil Burn for G.2 pursuant to Section 6.1.7 of the OATT; Con Ed Steam shall bear one-third (1/3) of such Supplemental Costs; and TC Ravenswood shall bear one-third (1/3) of such Supplemental Costs. The NYISO shall pay TC Ravenswood all Supplemental Costs for which the NYISO is responsible under this Section in the billing cycle immediately after the cycle in which such costs were incurred and billed to the NYISO and shall allocate such payments to TC Ravenswood among all load withdrawals in the Con Edison Transmission District (Load Zones H, I and J) pursuant to Section 6.1.7 of the OATT as a cost for Fuel Oil Burn for G.2 based on each LSE’s load ratio share for the month for which the payments to TC Ravenswood of the Supplemental Costs are invoiced. Payments of interest, if any, shall be paid in accordance with the NYISO’s normal billing cycles.

- 2.9 The Parties understand that the components comprising the Demand Charge, and the determination of the on-site O&M Costs, reflect certain estimated costs, and the Parties agree that such estimates are reasonable and that TC Ravenswood shall provide

documentation of such reasonableness upon request. In the event TC Ravenswood's actual costs making up the Demand Charges and O&M Costs differ from the estimates, there will be no true-up for these costs in either direction other than those specifically described. Thus, TC Ravenswood shall not be entitled to impose a surcharge, and no market participant shall be entitled to a refund with respect to the Demand Charges and O&M Costs.

2.10 Consideration for Implementation Agreement

2.10.1 In consideration of the terms agreed to herein, TC Ravenswood will: (a) (i) arrange for, operate, and maintain the facilities outlined in Section 1.3 and (ii) generate electric energy using Fuel Oil for G.2 under the terms of this Implementation Agreement for the period May 1, 2017 through April 30, 2020; and (b) not submit a separate filing under Section 205 of the Federal Power Act ("FPA") seeking a rate or tariff for TC Ravenswood's provision of Fuel Oil Burn for G.2 for the period of May 1, 2017 through April 30, 2020.

2.10.2 Also in consideration of the terms agreed to herein, no Party shall file a complaint under FPA Section 206 seeking rates, or terms and conditions, for Fuel Oil Burn for G.2 for the period May 1, 2017 through April 30, 2020 that differ from those agreed to in this Implementation Agreement.

SECTION THREE

TERMINATION/AMENDMENT

3.1 Except for outstanding payment obligations under Section Two hereof, this Implementation Agreement shall terminate on April 30, 2020. Notwithstanding the immediately preceding sentence, the Parties are free to enter into negotiations to extend the

termination date of this Implementation Agreement and/or negotiate a new agreement for TC Ravenswood's provision of Fuel Oil Burn for G.2 subsequent to April 30, 2020, in each instance subject to Commission approval. If any such negotiations are not concluded by January 1, 2020, subject to Sections Six and Seven hereof, the Parties reserve all rights they may have to make filings with the Commission, or oppose such filings, as each Party deems appropriate, with respect to TC Ravenswood's provision of Fuel Oil Burn for G.2 for the period subsequent to April 30, 2020, including but not limited to TC Ravenswood filing a rate schedule under FPA Section 205, and/or the NYISO filing an unexecuted Implementation Agreement under Section 4.1.9 of its Services Tariff, or a Party filing a complaint under FPA Section 206. Such negotiations shall be subject to the consultation requirements in Section 4.1.9 of the Services Tariff.

- 3.2 Parties shall retain all rights under the FPA, under Section 4.1.9 of the Services Tariff, and under all other provisions in the Services Tariff, to the extent applicable, as discussed in Sections Six and Seven of this Implementation Agreement.

SECTION FOUR

SECTION 4.1.9 OF THE NYISO SERVICES TARIFF AND PRE-EXISTING AGREEMENTS

- 4.1 This Implementation Agreement constitutes the full and complete agreement of the Parties with respect to the subject matter addressed herein for TC Ravenswood's provision of Fuel Oil Burn for G.2 for the period May 1, 2017 through April 30, 2020 and supersedes all prior negotiations, understandings, and agreements, whether written or oral, between the Parties with respect to the subject matter described herein. The Parties agree that the

Implementation Agreement and Minimum Oil Burn Agreement entered into in settlement of matters related to the period May 1, 2014 through April 30, 2017 will expire and have no

further force or effect after April 30, 2017. The Parties also agree that this Implementation Agreement does not affect or change the provisions of the Services Tariff, including Section 4.1.9. They further agree that TC Ravenswood's compensation for the provision of Fuel Oil Burn for G.2 for the period May 1, 2017 through April 30, 2020, as specified in Section 1 hereof, shall be pursuant to this Implementation Agreement.

- 4.2 Except as otherwise noted herein, for the period May 1, 2017 through April 30, 2020, where there are differences between Section 4.1.9 of the Services Tariff and the terms of this Implementation Agreement, the terms of this Implementation Agreement govern.
- 4.3 All references within this Implementation Agreement to Section 4.1.9 of the Services Tariff refer to the provisions of Section 4.1.9 as they exist as of the date this Implementation Agreement is executed.

SECTION FIVE

COMMISSION ORDER

- 5.1 For purposes of this Implementation Agreement, a Commission order shall be deemed a Final Order when the last date for filing a request for rehearing with the Commission has expired if no rehearing request is filed by that date and there are no other matters pending related to the filing of this Implementation Agreement. To the extent the Commission accepts this Implementation Agreement subject to a condition or modification and any Party files a request for rehearing, each Party shall have the right to withdraw from this Implementation Agreement, which withdrawal may be exercised in such Party's sole discretion.

SECTION SIX

FILING RIGHTS

- 6.1 This Implementation Agreement does not address (1) TC Ravenswood's legal authority, if any, to have its own rate schedule on file under FPA Section 205 to provide Fuel Oil Burn for G.2, *i.e.*, burn Fuel Oil in lieu of natural gas in furtherance of Rule G.2, or (2) TC Ravenswood's obligation, if any, to provide Fuel Oil Burn for G.2 and to be compensated for doing so, pursuant to an unexecuted Implementation Agreement under Section 4.1.9 of its Services Tariff. These issues are contested and unresolved, however, the Parties agree that the Commission can and should accept this Implementation Agreement without addressing them.
- 6.2 In signing this Implementation Agreement, other than as outlined in Sections 6.3 and 7.2 of this Implementation Agreement, no Party waives any rights it may possess to have rates on file under Section 205 of the FPA, or to make FPA Section 205 or 206 filings.
- 6.3 No Party will make a Section 205 filing or a Section 206 filing seeking a rate or a revised rate to compensate TC Ravenswood for burning Fuel Oil in furtherance of Rule G.2 for the period May 1, 2017 through April 30, 2020 or to modify the terms and conditions in this Implementation Agreement, unless the Parties, by mutual consent, agree to modify the terms and conditions in this Implementation Agreement. Nevertheless, the Parties specifically reserve the right to raise all arguments in support of, or in opposition to, TC Ravenswood's provision of Fuel Oil Burn for G.2 under TC Ravenswood's own FPA Section 205 rate schedule and/or pursuant to an unexecuted Implementation Agreement under Section 4.1.9 of the NYISO Services Tariff, including in each instance proposed

terms and conditions and compensation for Fuel Oil Burn for G.2, for a period subsequent to April 30, 2020.

- 6.4 The Parties hereby reserve all rights to which they are entitled under Sections 205 and 206 of the FPA, except as set forth herein.
- 6.5 For the sole purpose of settling the compensation matters described herein, this Implementation Agreement represents a fair and reasonable negotiated settlement that is in the public interest. The term of this Implementation Agreement shall not limit or restrict the arguments that the Parties may put forth or the positions that the Parties may take in any future proceeding before the Commission that are not specifically agreed to herein.

SECTION SEVEN

EFFECTIVE DATE AND GENERAL RESERVATIONS

- 7.1 This Implementation Agreement shall become effective as of May 1, 2017 upon an order approving the Implementation Agreement becoming a Final Order as defined in Paragraph 4.1 herein. If the Commission accepts the Implementation Agreement without modification, no Party will request rehearing or otherwise appeal or support rehearing requests or appeals by others.
- 7.2 No Party shall use this Implementation Agreement, or the terms hereof, as evidence to support, or oppose, an argument that TC Ravenswood is obligated to provide Fuel Oil Burn for G.2, or to be compensated for doing so, under Section 4.9.1 of the Services Tariff, or that TC Ravenswood has the right to have its own rate schedule for Fuel Oil Burn for G.2 under Section 205 of the FPA.
- 7.3 This Implementation Agreement is an integrated whole and is expressly conditioned on the Commission's acceptance of all provisions herein without modification or condition. Notwithstanding the foregoing, if the Commission's approval of this Implementation

Agreement is conditioned on a modification of this Implementation Agreement or on any other condition, such modification or condition shall be considered to be accepted unless a

Party objecting to such condition or modification serves written notice on the other Party of its intent to seek rehearing of the order approving the Implementation Agreement as modified or conditioned within a period of ten days from the date of such order. Should Commission approval be subject to condition or modification of this Implementation Agreement,. each Party shall then have the right, as determined in its sole discretion, to withdraw as a signatory of the Implementation Agreement. In the event that a Party withdraws, the Implementation Agreement shall not constitute any part of the record with respect to establishing payments to TC Ravenswood to burn Fuel Oil for G.2 needs and shall not be used for any purpose in this or any future docket.

- 7.4 Commission approval of this Implementation Agreement shall constitute the requisite waiver of any and all otherwise applicable Commission regulations, to the extent necessary, to permit implementation of the provisions of this Implementation Agreement.
- 7.5 This Implementation Agreement is made upon the express understanding that it constitutes a negotiated agreement and, except as otherwise expressly provided for herein, no Party shall be deemed to have approved, accepted, agreed to, or consented to any principle or policy relating to rate design, rate calculation, or any other matter affecting or relating to any of the compensation, charges, classifications, terms, conditions, principles, or issues associated with this Implementation Agreement. This Implementation Agreement shall not be deemed to be a “settled practice” as that term was interpreted and applied in *Public Service Commission of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980), and shall not be the basis for any decision with regard to the burden of proof in any future litigation. This Implementation Agreement shall not be cited as precedent, nor shall it be deemed to

bind either Party in any future proceeding including, but not limited to, any Commission proceeding, except in any proceeding to enforce this Implementation Agreement.

- 7.6 The discussions among the Parties and other entities that have produced this Implementation Agreement have been conducted on the explicit understanding, pursuant to Rules 602(e) and 606 of the Commission's Rules of Practice and Procedures, that all offers and any comments on these offers are privileged and not admissible as evidence against any participant who objects to their admission and that any discussions of the Parties and other entities with respect to offers of settlement is not subject to discovery or admissible in evidence.
- 7.7 The Implementation Agreement is subject to the "public interest" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) ("Mobile Sierra doctrine") to the full extent legally permissible and as interpreted in *Morgan Stanley Capital Group Inc. v. Pub. Util District No. 1*, 128 S. Ct. 2733 (2008), *NRG Power Marketing LLC v. Me. Pub. Utils, Comm'n*, 130 S. Ct. 693 (2010) and *Dominion Transmission Inc. v. FERC*, 533 F.3d 845 (2008).
- 7.8 Headings in this Implementation Agreement are included for convenience only and are not intended to have any significance in interpretation of this Implementation Agreement.
- 7.9 Signatures may occur by counterparts. Such signatures shall have the same effect as if all signatures were on the same document.

SECTION EIGHT

SUPPORT OF FULL SETTLEMENT

8.1 The Parties agree that this Implementation Agreement resolves all issues related to the manner in which TC Ravenswood will be compensated for providing Fuel Oil Burn for G.2 for the period May 1, 2017 through April 30, 2020.

Respectfully submitted,

TC RAVENSWOOD, LLC

By: /s/ Craig Martin
Craig Martin
Vice President
110 Turnpike Road
Suite 300
Westborough, MA 01581
Tel: (508) 599-1424
Email: craig_martin@transcanada.com

Dated: May 1, 2017

NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.

By: /s/ Wesley J. Yeomans
Wesley J. Yeomans
Vice President - Operations
10 Krey Boulevard
Rensselaer, NY 12144
Tel: (518) 356-8522
weyemans@nyiso.com

Dated: May 1, 2017

Appendix A

NYISO Agreements --> Service Agreements --> NYISO TC Ravenswood Implementation Agreement (SA 2336)

2017 Three Year Extension: Year 1

Public Version

Lease Charges

						Reliability Oil Burn	STEAM	RAVENSWOOD	
Tank #	bbbls	\$/bbl-month	Monthly \$	Annual \$					
8070	178,050		\$	\$	fixed for 3 years	\$ -	33.33%	\$ -	33.33%
8563	159,862		\$	\$	\$1.23/bbl-month for 1st year; 2nd and 3rd year will be based on actual cost	\$ -	33.33%	\$ -	33.33%
					CLEANING - RATE WILL BE BASED ON THESE \$ AND SUBJECT TO TRUE-UP AT END OF 3 YEARS				
Cleaning 8070	178,050		\$			\$ -	33.33%	\$ -	33.33%
Cleaning 8563	159,862		\$			\$ -	33.33%	\$ -	33.33%
On-Site	45,000		\$	\$ -	" +3%"	\$ -	33.33%	\$ -	33.33%
Tanks Subtotal			\$	\$,728,930.14		\$ 159,136.95	\$ 159,136.95	\$ 159,136.95	

Barge	bbbls	Monthly \$	Annual \$						
Conneticut	40,000		\$ -	fixed for 3 years	\$ -	33.33%	\$ -	33.33%	\$ -
Lemon Creek	90,000		\$	" +3%"	\$ -	32.00%	\$ -	58.00%	\$ -
Barge Subtotal			\$	\$,714,084.07		\$ 128,329.15	\$ 179,372.84	\$ 85,138.34	
Additional 6 month Barge Lease - Excluded from Calculations									
Additional Barge	40,000	Estimated Cost	\$	-					
Additional Barge Variable			\$	-					

O&M Charges

						Current Agreement % 2017-2020	33% 20%	57% 50%	10% 30%
Transaction Labor		\$	" +3%"	\$ -	\$ -				
Plant Labor		\$	" +3%"	\$ -	\$ -				
Tank Heating/Booming Variable 8070		\$	" +3%"	\$ -	\$ -				
Tank Heating/Booming Variable 8563		\$	" +3%"	\$ -	\$ -				
Barge Variable		\$	" +3%"	\$ -	\$ -				
Taxes		\$	" +3%"	\$ -	\$ -				
LIBOR		\$	" +3%"	\$ -	\$ -				
Misc Testing		\$	" +3%"	\$ -	\$ -				
On-Site Steam	18,000 Mlbs/year	\$	\$ -	" +3%"	\$ -	0.00	\$ -		
	\$/Mlbs	ConEd Steam Rate					Cell J44 is 0 because Con Ed pays with actual steam		
O&M Subtotal		\$	\$,743,160.00		\$ 62,386.00	\$ 137,500.00	\$ 93,579.00		
Total Demand Charge		\$	\$,182,181.18	\$ 14,186,174.20	\$ 349,852.10	\$ 476,009.79	\$ 337,854.29		
						Annually	\$ 4,198,225.21	\$ 5,712,117.46	\$ 4,054,251.46

On-Site Tank O&M

\$/bbl Usage based rate fixed for 3 years

On-Site #6 to #4 and or #2 Capital conversion costs

Agreement to share certain facility conversion capital costs 1/3 each.
Unit 10, 20 and 30 burner capital conversion costs split 50/50 between Ravenswood and NYISO.
TC Ravenswood shall: (1) file the costs it proposes to recover with FERC for determinations that the costs were prudently incurred and should be recovered by TC Ravenswood;

Fuel Oil Premium is Index plus \$0.75/bbl

NYISO Agreements --> Service Agreements --> NYISO TC Ravenswood Implementation Agreement (SA 2336)

and (2) file a proposed rate design for FERC's approval.

Prior to TC Ravenswood making the required filing with FERC, TC Ravenswood and the NYISO shall engage in good faith negotiations over a period of at least three months to: (1) determine which costs are prudently incurred costs that should be included in TC Ravenswood's filing; and (2) develop a mutually acceptable rate design.

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477,410.84

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392,840.34

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311,930.00

NYISO Agreements --> Service Agreements --> NYISO TC Ravenswood Implementation Agreement (SA 2336)

2017 Three Year Extension: Year 2

Public Version

Lease Charges

						Reliability Oil Burn	STEAM	RAVENSWOOD	
Tank #	bbbls	\$/bbl-month	Monthly \$	Annual \$					
8070	178,050		\$	\$	fixed for 3 years	\$ -	33.33%	\$ -	33.33%
8563	159,862		\$	\$	\$1.23/bbl-month for 1st year; 2nd and 3rd year will be based on actual cost	\$ -	33.33%	\$ -	33.33%
					CLEANING - RATE WILL BE BASED ON THESE \$ AND SUBJECT TO TRUE-UP AT END OF 3 YEARS				
Cleaning 8070	178,050		\$			\$ -	33.33%	\$ -	33.33%
Cleaning 8563	159,862		\$			\$ -	33.33%	\$ -	33.33%
On-Site	45,000		\$	\$ -	" +3% "	\$ -	33.33%	\$ -	33.33%
Tanks Subtotal			\$	\$,741,573.12		\$ 159,488.14	\$ 159,488.14	\$ 159,488.14	

Barge	bbbls	Monthly \$	Annual \$						
Conneticut	40,000		\$ -	fixed for 3 years	\$ -	33.33%	\$ -	33.33%	\$ -
Lemon Creek	90,000		\$	" +3% "	\$ -	32.00%	\$ -	58.00%	\$ -
Barge Subtotal			\$	\$,784,759.94		\$ 130,213.84	\$ 182,788.84	\$ 85,727.31	10%
Additional 6 month Barge Lease - Excluded from Calculations									
Additional Barge	40,000	Estimated Cost	\$	-					
Additional Barge Variable			\$	-					

O&M Charges

						Current Agreement % 2017-2020	33% 20%	57% 50%	10% 30%
Transaction Labor			\$	" +3% "	\$ -		\$ -	\$ -	
Plant Labor			\$	" +3% "	\$ -		\$ -	\$ -	
Tank Heating/Booming Variable 8070			\$	" +3% "	\$ -		\$ -	\$ -	
Tank Heating/Booming Variable 8563			\$	" +3% "	\$ -		\$ -	\$ -	
Barge Variable			\$	" +3% "	\$ -		\$ -	\$ -	
Taxes			\$	" +3% "	\$ -		\$ -	\$ -	
LIBOR			\$	" +3% "	\$ -		\$ -	\$ -	
Misc Testing			\$	" +3% "	\$ -		\$ -	\$ -	
On-Site Steam	18,000 Mlbs/year		\$	\$ -	" +3% "	\$ -	\$ -	0.00	\$ -
	\$/Mlbs	ConEd Steam Rate	\$	\$,855,454.80		\$ 64,257.58	\$ 141,625.00	\$ 96,386.37	
O&M Subtotal			\$	\$,198,482.32	\$ 14,381,787.86	\$ 353,959.56	\$ 483,901.98	\$ 341,601.82	
Total Demand Charge			\$			Annually \$ 4,247,514.77	\$ 5,806,823.79	\$ 4,099,221.81	

On-Site Tank O&M

\$/bbl Usage based rate fixed for 3 years

On-Site #6 to #4 and or #2 Capital conversion costs

Agreement to share certain facility conversion capital costs 1/3 each.
Unit 10, 20 and 30 burner capital conversion costs split 50/50 between Ravenswood and NYISO.
TC Ravenswood shall: (1) file the costs it proposes to recover with FERC for determinations that the costs were prudently incurred and should be recovered by TC Ravenswood;

Fuel Oil Premium is Index plus \$0.75/bbl

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Prior to TC Ravenswood making the required filing with FERC, TC Ravenswood and the NYISO shall engage in good faith negotiations over a period of at least three months to: (1) determine which costs are prudently incurred costs that should be included in TC Ravenswood's filing; and (2) develop a mutually acceptable rate design.

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478,464.43

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398,730.00

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NYISO Agreements --> Service Agreements --> NYISO TC Ravenswood Implementation Agreement (SA 2336)

2017 Three Year Extension: Year 3

Public Version

Lease Charges

						Reliability Oil Burn	STEAM	RAVENSWOOD	
Tank #	bbbls	\$/bbl-month	Monthly \$	Annual \$					
8070	178,050		\$	\$	fixed for 3 years	\$ -	33.33%	\$ -	33.33%
8563	159,862		\$	\$	\$1.23/bbl-month for 1st year; 2nd and 3rd year will be based on actual cost	\$ -	33.33%	\$ -	33.33%
					CLEANING - RATE WILL BE BASED ON THESE \$ AND SUBJECT TO TRUE-UP AT END OF 3 YEARS				
Cleaning 8070	178,050		\$			\$ -	33.33%	\$ -	33.33%
Cleaning 8563	159,862		\$			\$ -	33.33%	\$ -	33.33%
On-Site	45,000		\$	\$ -	" +3%"	\$ -	33.33%	\$ -	33.33%
Tanks Subtotal			\$	\$,756,256.80		\$ 159,896.02	\$ 159,896.02	\$ 159,896.02	

Barge	bbbls	Monthly \$	Annual \$						
Conneticut	40,000		\$ -	fixed for 3 years	\$ -	33.33%	\$ -	33.33%	\$ -
Lemon Creek	90,000		\$	" +3%"	\$ -	32.00%	\$ -	58.00%	\$ -
Barge Subtotal			\$	\$,857,556.09		\$ 132,155.07	\$ 186,307.32	\$ 86,333.94	
Additional 6 month Barge Lease - Excluded from Calculations									
Additional Barge	40,000	Estimated Cost	\$	-					
Additional Barge Variable			\$	-					
			\$	-					

O&M Charges

						Current Agreement % 2017-2020	33% 20%	57% 50%	10% 30%
Transaction Labor			\$	" +3%"	\$ -	\$ -	\$ -	\$ -	
Plant Labor			\$	" +3%"	\$ -	\$ -	\$ -	\$ -	
Tank Heating/Booming Variable 8070			\$	" +3%"	\$ -	\$ -	\$ -	\$ -	
Tank Heating/Booming Variable 8563			\$	" +3%"	\$ -	\$ -	\$ -	\$ -	
Barge Variable			\$	" +3%"	\$ -	\$ -	\$ -	\$ -	
Taxes			\$	" +3%"	\$ -	\$ -	\$ -	\$ -	
LIBOR			\$	" +3%"	\$ -	\$ -	\$ -	\$ -	
Misc Testing			\$	" +3%"	\$ -	\$ -	\$ -	\$ -	
On-Site Steam	18,000 Mlbs/year		\$	\$ -	" +3%"	\$ -	\$ -	0.00	\$ -
	\$/Mlbs	ConEd Steam Rate						Cell J44 is 0 because Con Ed pays with actual steam	
O&M Subtotal			\$	\$,215,410.94	\$ 14,584,931.34	\$ 358,236.40	\$ 492,077.09	\$ 345,507.92	
Total Demand Charge			\$	\$,215,410.94	\$ 14,584,931.34	Annually \$ 4,298,836.83	\$ 5,904,925.12	\$ 4,146,095.08	

On-Site Tank O&M

\$/bbl Usage based rate fixed for 3 years

On-Site #6 to #4 and or #2 Capital conversion costs

Agreement to share certain facility conversion capital costs 1/3 each.
Unit 10, 20 and 30 burner capital conversion costs split 50/50 between Ravenswood and NYISO.
TC Ravenswood shall: (1) file the costs it proposes to recover with FERC for determinations that the costs were prudently incurred and should be recovered by TC Ravenswood;

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Appendix B

CONFIDENTIAL
Non-public document