

Attachment III

16.3 Transmission Service, Schedules and Curtailment

16.3.1 Requests for Bilateral Transaction Schedules

Firm Point-to-Point Transmission Service shall be available for internal Bilateral Transactions, CTS Interface Bids for Bilateral Transactions, Import and Export Bilateral Transactions, and Wheel-Through Transactions. Except as specified in Services Tariff section 4.4.1.2.2, 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. At Variably Scheduled Proxy Generator Buses that are not CTS Enabled Proxy Generator Buses, the ISO may vary External Transaction Schedules if the party submitting the Bid for such a Transaction indicates that the ISO may vary schedules associated with those Bids within the hour. The ISO will subject all CTS Interface Bids to variable scheduling in accordance with Services Tariff section 4.4.4. Transmission Customers may modify Bilateral Transactions that were scheduled Day-Ahead or propose new Bilateral Transactions, including External Bilateral Transactions, for economic evaluation within the Real-Time Market, provided however, that Bilateral Transactions with Trading Hubs as their POWs that were previously scheduled Day-Ahead may not be modified.

Transmission Customers scheduling Transmission Service to support a Bilateral Transaction with Energy supplied by an External Generator or Internal Generator shall submit the following information to the ISO:

- (1) Point of Injection location. For Transactions with Internal sources, the Point of Injection is the Generator's bus; for Transactions with Trading Hubs as their sources, the Point of Injection is the Trading Hub Generator bus; for Transactions

with External sources, the Point of Injection is the Proxy Generator Bus designated for Imports.

- (2) Point of Withdrawal location. For Transactions to serve Internal Load, the Point of Withdrawal is the Load bus; for Transactions to serve External load, the Point of Withdrawal is the Proxy Generator Bus designated for Exports; for Transactions with Trading Hubs as their sinks, the Point of Withdrawal is the Trading Hub Load bus;
- (3) Desired hourly MW schedules;
- (4) NERC Tag data;
- (5) A Sink Price Cap Bid for Export Transactions up to the MW level of the desired schedule, a Decremental Bid for Import and Wheel Through Transactions up to the MW level of the desired schedule; or a CTS Interface Bid for Transactions other than Wheels Through at CTS Enabled Proxy Generator Buses;
- (6) A direction for the desired flow for CTS Interface Bids submitted at the CTS Enabled Proxy Generator Buses; and
- (7) Other data required by the ISO.

16.3.2 ISO's General Responsibilities

The ISO shall evaluate requests for Bilateral Transactions, and associated Transmission Service, submitted in the Day-Ahead scheduling process using Security Constrained Unit Commitment ("SCUC"), and will subsequently establish a Day-Ahead schedule. During the Dispatch Day, the ISO shall use the Real-Time Market to establish schedules for each hour of dispatch in that day.

The ISO shall use the information provided by Real-Time Market when making Curtailment decisions pursuant to the Curtailment rules described in Section 16.3.4 of this Attachment J.

16.3.3 Scheduling of Bilateral Transactions in the Day-Ahead Market and Real-Time Market

16.3.3.1 ISO Responsibilities

The ISO shall model Bids for Import Bilateral Transactions and Bids for Export Bilateral Transactions as Bids to buy or sell a block of MW at a single price at their respective buses.

The ISO shall compute all NYCA Interface Transfer Capabilities and interface Ramp and NYCA Ramp capabilities prior to scheduling Transmission Service Day-Ahead and in real-time. The ISO shall evaluate (i) Decremental Bids from entities engaged in Bilateral Import Transactions and Wheels Through, (ii) Bids from entities engaged in Imports to the LBMP Market,; (iii) CTS Interface Bids from entities engaged in Imports and Exports at CTS Enabled Proxy Generator Buses; (iv) Energy Bids from internal Generators; (v) Sink Price Cap Bids from entities engaged in Bilateral Export Transactions; and (vi) Bids from entities engaged in Exports from the LBMP Market simultaneously when committing internal Generators and scheduling Import, Export and Wheel Through Transactions and Imports and Exports to and from the LBMP Market in the Day Ahead and Real-Time Markets, provided however, the ISO shall also evaluate Price Capped Load Bids simultaneously with (i) through (vi) in the Day Ahead Market.

16.3.3.2 Scheduling Internal Bilateral Transactions

The ISO shall schedule Firm Transmission Service between the Point of Injection at the Generator bus to the Point of Withdrawal at the Load bus equal to the request for Transmission Service in both the Day-Ahead and Real-Time Markets. The ISO shall use Energy Bids to

determine commitment and dispatch schedules for internal Generators including those providing Energy for an Internal Bilateral Transaction.

16.3.3.3 Scheduling Export Bilateral Transactions and Firm Point-to-Point Transmission Service to Support Them

The ISO shall use Bids supplied by Transmission Customers proposing Export Bilateral Transactions in the Day Ahead and Real-Time Markets to determine the amount of Energy scheduled to be exported under those Transactions in the Day-Ahead and Real-Time Markets respectively. The ISO shall not schedule Energy to be exported in amounts that exceed the Transfer Capability of the Interface.

The ISO shall schedule in the Day-Ahead and Real-Time Markets Firm Transmission Service for Export Bilateral Transactions between the Point of Receipt at the internal Generator bus and the Point of Delivery at the Proxy Generator Bus in an amount equal to the amount of Energy scheduled to be exported under those Transactions Day-Ahead and in real-time respectively.

The ISO shall use Energy Bids supplied by internal Generators designated as supporting Export Bilateral Transactions scheduled with Firm Transmission Service in the Day Ahead and Real-Time Markets to determine the Generator's commitment and dispatch schedule.

16.3.3.4 Scheduling Import Bilateral Transactions and Firm Point-to-Point Transmission Service to Support Them

The ISO shall use Bids from Transmission Customers proposing Import Bilateral Transactions in the Day Ahead and Real-Time Markets to determine the amount of Energy scheduled to be imported under those Transactions in the Day-Ahead and Real-Time Markets respectively. The ISO shall not schedule Energy to be imported in amounts that exceed the Transfer Capability of the Interface. The ISO shall schedule Firm Transmission Service in the

Day-Ahead and Real-Time Markets for Import Bilateral Transactions between the Point of Receipt at the Proxy Generator Bus and the Point of Delivery at the Load bus equal to the amount of Transmission Service requested to support those Transactions Day-Ahead and in real-time respectively.

16.3.3.5 Scheduling Wheel Through Bilateral Transactions and Firm Point-to-Point Transmission Service to Support Them

The ISO shall use Decremental Bids supplied by Transmission Customers proposing Wheel-Through Transactions in the Day Ahead and Real-Time Markets to determine the amount of Energy scheduled to be wheeled under those Transactions Day-Ahead and in real-time respectively. The ISO shall schedule Firm Transmission Service in the Day-Ahead and Real-Time Markets between the Point of Receipt at a Proxy Generator Bus designated for Imports and the Point of Delivery at a Proxy Generator Bus designated for Exports equal to the amount of Energy scheduled to be imported and Wheeled Through under those Transactions Day-Ahead and in real-time respectively.

16.3.3.6 Scheduling Non Firm Transmission Service

Non-Firm Point-To-Point Transmission Service is not available in the markets that the NYISO administers.

16.3.3.7 Scheduling External Transactions at the Proxy Generator Buses Associated with Scheduled Lines

Scheduling External Transactions at the Proxy Generator Buses that are associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Linden VFT Scheduled Line, and the HTP Scheduled Line shall also be governed by Section 29, Attachment N to the ISO Services Tariff.

16.3.3.8 Prohibited Transmission Paths

The ISO shall not permit Market Participants to schedule External Transactions over the following prohibited scheduling paths:

1. External Transactions that are scheduled to exit the NYCA at the Proxy Generator Bus that represents its Interface with the Control Area operated by the Independent Electricity System Operator of Ontario (“IESO”), and to sink in the Control Area operated by PJM Interconnection, LLC (“PJM”);
2. External Transactions that are scheduled to exit the NYCA at the Proxy Generator Buses that represent the NYCA’s common border with the Control Area operated by PJM, and to sink in the Control Area operated by IESO;
3. External Transactions that are scheduled to enter the NYCA at the Proxy Generator Buses that represent the NYCA’s common border with the Control Area operated by PJM, and to source from the Control Area operated by IESO;
4. External Transactions that are scheduled to enter the NYCA at the Proxy Generator Bus that represents the NYCA’s Interface with the Control Area operated by IESO, and to source from the Control Area operated by PJM;
5. Wheels Through the NYCA that are scheduled to enter the NYCA at the Proxy Generator Buses that represent the NYCA’s common border with the Control Area operated by PJM, and to sink in the Control Area operated by the Midwest Independent Transmission System Operator, Inc. (“MISO”);
6. Wheels Through the NYCA that are scheduled to exit the NYCA at the Proxy Generator Buses that represent the NYCA’s common border with the Control Area operated by PJM, and to source from the Control Area operated by the MISO;

7. Wheels Through the NYCA that are scheduled to enter the NYCA at the Proxy Generator Bus that represents the NYCA's Interface with the Control Area operated by IESO, and to sink in the Control Area operated by the MISO; and
8. Wheels Through the NYCA that are scheduled to exit the NYCA at the Proxy Generator Bus that represents the NYCA's Interface with the Control Area operated by IESO, and to source from the Control Area operated by the MISO.

The ISO may add additional prohibited scheduling paths to the above list when the ISO, acting in consultation with its Market Monitoring Unit, determines that one or more scheduling paths are being used to schedule External Transactions in a manner that is not consistent with the manner in which power is actually expected to flow. The ISO shall inform its Market Participants of the additional prohibited scheduling path or paths by providing notice at least one week in advance of the implementation of any such prohibition. At the time the NYISO provides notice to its Market Participants the ISO shall submit a compliance filing in FERC Docket No. ER13-780 requesting authority to update the above list to reflect the additional prohibited scheduling path or paths. Any such compliance filing will include: (1) an explanation of the scheduling behavior the ISO has identified and why that behavior presents a concern to the ISO and its Market Monitoring Unit; and (2) an explanation of why the ISO believes that the problem it has identified can be remedied or mitigated by adding one or more new prohibited scheduling paths. The compliance filing will also include, or be accompanied by, a discussion of the Market Monitoring Unit's position regarding the ISO's proposal to add a new prohibited scheduling path or new prohibited scheduling paths. Unless FERC acts on the ISO's compliance filing, the ISO shall implement the new scheduling path prohibition(s) on the date proposed in its compliance filing.

The responsibilities of the Market Monitoring Unit that are addressed in this Section are also addressed in Section 30.4.6.8.1 of the Market Monitoring Plan, Attachment O to the ISO Services Tariff.

16.3.4 Bilateral Transaction Adjustments, Curtailments and Settlements

The DNI between the NYCA and adjoining Control Areas will be adjusted as necessary to reflect the effects of any Curtailments of Import or Export Transactions.

To the extent possible, Curtailments of External Transactions at the Proxy Generator Bus associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Linden VFT Scheduled Line, and the HTP Scheduled Line shall be based on the transmission priority of the associated Advance Reservation for use of the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Linden VFT Scheduled Line, and the HTP Scheduled Line (as appropriate).

If a Transmission Customer's Firm Point-to-Point Transmission Service or Network Integration Transmission Service is supporting an Internal Bilateral Transaction, or an Import Bilateral Transaction, the ISO shall not reduce the Transmission Service. If a Transmission Customer's Firm Point-to-Point Transmission Service or Network Integration Transmission Service is supporting an Export Bilateral Transaction or a Wheel Through, the ISO shall reduce Transmission Service to the extent the amount of Energy scheduled to be exported or wheeled is reduced.

16.3.4.1 Import Bilateral Transactions

If the amount of Energy scheduled to be imported in an Import Bilateral Transaction in the Day-Ahead Market is less than the amount of Transmission Service requested and scheduled Day-Ahead in association with that Import Bilateral Transaction, the Transmission Customer shall pay the Energy Imbalance Service Charge pursuant to Rate Schedule 4 of this OATT. The

Transmission Customer shall continue to pay the Day-Ahead TUC for the amount of Transmission Service scheduled.

If the Import Bilateral Transaction was scheduled following the Day-Ahead Market, or the schedule for the Import Bilateral Transaction was revised following the Day-Ahead Market, and the amount of Energy scheduled to be imported in real-time (modified for within-hour changes in DNI, if any) is less than the amount of Transmission Service requested in real-time in association with that Transaction, then the Transmission Customer shall pay an Energy Imbalance Service Charge pursuant to Rate Schedule 4 of this OATT. If the Import Bilateral Transaction was scheduled following the Day-Ahead Market, or the schedule for the Import Bilateral Transaction was revised following the Day-Ahead Market, the Transmission Customer shall pay or be paid the Real-Time TUC for the amount of Transmission Service requested in real-time in association with that Transaction minus the amount of Transmission Service requested Day-Ahead in association with that Transaction.

16.3.4.2 Export Bilateral Transactions, Internal Bilateral Transactions and Wheel Through Transactions

If the internal Generator designated to supply the Export Bilateral Transaction or internal Bilateral Transaction has been scheduled Day-Ahead to produce Energy in an amount that is less than the amount of Transmission Service scheduled Day-Ahead in association with that internal or Export Bilateral Transaction, the internal Generator shall pay an Energy Imbalance Service Charge pursuant to Rate Schedule 4 of this OATT.

If the internal Generator designated to supply the Export Bilateral Transaction or internal Bilateral Transaction has been dispatched in real-time to produce Energy in an amount that is less than the amount of Transmission Service scheduled in real-time in association with that

internal or Export Bilateral Transaction, the internal Generator shall pay an Energy Imbalance Service Charge pursuant to Rate Schedule 4 of this OATT.

If the Export Bilateral Transaction or internal Bilateral Transaction was scheduled following the Day-Ahead Market, or the schedule for the Export Bilateral Transaction or internal Transaction was revised following the Day-Ahead Market, the Transmission Customer shall pay or be paid the Real-Time TUC for the amount of Transmission Service scheduled in real time in association with that Transaction minus the amount of Transmission Service scheduled Day-Ahead in association with that Transaction.

If a Wheel-Through Transaction was scheduled following the Day-Ahead Market, or the schedule for the Wheel-Through transaction was revised following the Day-Ahead Market, the Transmission Customer shall pay or be paid the Real-Time TUC for the amount of Transmission Service scheduled in real time in association with that Transaction minus the amount of Transmission Service scheduled Day-Ahead in association with that Transaction.

16.3.4.2.1 Generators

Notwithstanding the foregoing, the amount of Transmission Service scheduled in real-time for internal Bilateral Transactions supplied by one of the following Generators shall retroactively be set equal to that Generator's actual output in each RTD interval:

16.3.4.2.1.1 Generators providing Energy under contracts executed and effective on or before November 18, 1999 (including PURPA contracts) in which the power purchaser does not control the operation of the supply source but would be responsible for penalties for being off-schedule;

16.3.4.2.1.2 Existing topping turbine Generators and extraction turbine Generators producing electric 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 utilized in replacing or repowering existing steam supplies from such units (in accordance with good engineering and economic design) that cannot follow schedules, up to a maximum total of ~~523~~533 MW of such units; and

16.3.4.2.3 Intermittent Power Resources that depend on landfill gas or solar for their fuel, existing Intermittent Power Resources that depend on wind as their fuel, other than those for which the NYISO has imposed a Wind Output Limit, and Limited Control Run of River Hydro Resources in operation on or before November 18, 1999 within the NYCA, plus up to an additional 3300 MW of such Generators.

This procedure shall not apply for those hours the Generator supplying that Transaction has bid in a manner that indicates it is available to provide Regulation Service or Operating Reserves.

16.3.4.3 Non-Firm Transmission

Non-Firm Point-To-Point Transmission Service is not available in the markets that the NYISO administers.

16.3.4.4 Procedure for Relieving Security Violations

If a security violation occurs or is anticipated to occur, the ISO shall attempt to relieve the violation using the following procedures:

16.3.4.4.1 Dispatch Internal Generators, based on Incremental Energy Bids , including committing additional resources, if necessary;

- 16.3.4.4.2 Adjust the DNI associated with External Transactions: Curtail External Firm Transactions until the Constraint is relieved by (1) Curtailing based on , CTS Interface Bids, Decremental Bids and Sink Price Cap Bids; and (2) except for External Transactions with minimum run times, prorating Curtailment of equal cost transactions;
- 16.3.4.4.3 Request Internal Generators to voluntarily operate in manual mode below minimum or above maximum dispatchable levels. When operating in manual mode, Generators will not be required to adhere to minimum ramp rates, nor will they be required to be respond to RTD Base Point Signals;
- 16.3.4.4.4 In over generation conditions, decommit Internal Generators based on Minimum Generation Bid rate in descending order; and
- 16.3.4.4.5 Invoke other emergency procedures including involuntary load Curtailment, if necessary.