

5.11 Requirements Applicable to LSEs

5.11.1 Allocation of the NYCA Minimum Unforced Capacity Requirement

Each Transmission Owner must submit aggregate Adjusted Load data, coincident with the hour of the NYCA Peak Load Forecast, for all customers served by each LSE active within its Transmission District. The aggregate Load data may be derived from direct meters or Load profiles of the customers served. Each Transmission Owner shall be required to submit such forecasts and aggregate peak Load data in accordance with the ISO Procedures. Each municipal electric utility may choose to submit its peak Load forecast based on the Transmission District's peak Load forecast provided by a Transmission Owner or to provide its own. The ISO shall consider, in accordance with ISO Procedures, the effects of Demand Reductions by DER participating in the Installed Capacity Market to determine the Adjusted Actual Load to prevent double-counting the Demand Reduction in the LSE Unforced Capacity Obligation. Any disputes arising out of the submittals required in this paragraph shall be resolved through the Expedited Dispute Resolution Procedures set forth in Section 5.17 of this Tariff.

All aggregate Load data submitted by a Transmission Owner must be accompanied by documentation indicating that each affected LSE has been provided the data regarding the assignment of customers to the affected LSE. Any disputes between LSEs and Transmission Owners regarding such data or assignments shall be resolved through the Expedited Dispute Resolution Procedures set forth in Section 5.17 of this Tariff, or the Transmission Owner's retail access procedures, as applicable.

Subject to Section 5.11.7 of this ISO Services Tariff, the ISO shall allocate the NYCA Minimum Unforced Capacity Requirement among all LSEs serving Load in the NYCA prior to the beginning of each Capability Year. It shall then adjust the NYCA Minimum Unforced

Capacity Requirement and reallocate it among LSEs before each Winter Capability Period as necessary to reflect changes in the factors used to translate ICAP requirements into Unforced Capacity requirements. Each LSE's share of the NYCA Minimum Unforced Capacity Requirement will equal the product of: (i) the NYCA Minimum Installed Capacity Requirement as translated into a NYCA Minimum Unforced Capacity Requirement; and (ii) the ratio of the sum of the Load forecasts coincident with the NYCA Peak Load Forecast for that LSE's customers in each Transmission District to the NYCA Peak Load Forecast.

Each LSE Unforced Capacity Obligation will equal the product of (i) the ratio of that LSE's share of the NYCA Minimum Unforced Capacity Requirement to the total NYCA Minimum Unforced Capacity Requirement and (ii) the total of all of the LSE Unforced Capacity Obligations for the NYCA established by the ICAP Spot Market Auction. The LSE Unforced Capacity Obligation will be determined in each Obligation Procurement Period by the ICAP Spot Market Auction, in accordance with the ISO Procedures. Each LSE will be responsible for acquiring sufficient Unforced Capacity to satisfy its LSE Unforced Capacity Obligations. LSEs with Load in more than one Locality will have an LSE Unforced Capacity Obligation for each Locality.

Prior to the beginning of each Capability Period, Transmission Owners shall submit the required Load-shifting information to the ISO and to each LSE affected by the Load-shifting, in accordance with the ISO Procedures. In the event that there is a pending dispute regarding a Transmission Owner's forecast, the ISO shall nevertheless establish each LSE's portion of the NYCA Minimum Unforced Capacity Requirement applicable at the beginning of each Capability Period in accordance with the schedule established in the ISO Procedures, subject to possible

adjustments that may be required as a result of resolution of the dispute through the Expedited Dispute Resolution Procedures set forth in Section 5.17 of this Tariff.

Each month, as Transmission Owners report customers gained and lost by LSEs through Load-shifting, the ISO will adjust each LSE's portion of the NYCA Minimum Unforced Capacity Requirement such that (i) the total Transmission District Installed Capacity requirement remains constant and (ii) an individual LSE's allocated portion reflects the gains and losses. If an LSE loses a customer as a result of that customer leaving the Transmission District, the Load-losing LSE shall be relieved of its obligation to procure Unforced Capacity to cover the Load associated with the departing customer as of the date that the customer's departure is accepted by the ISO and shall be free to sell any excess Unforced Capacity. In addition, when a customer leaves the Transmission District, the ISO will adjust each LSE's portion of the NYCA Minimum Unforced Capacity Requirement so that the total Transmission District's share of the NYCA Minimum Unforced Capacity Requirement remains constant.

5.11.2 LSE Obligations

Each LSE must procure Unforced Capacity in an amount equal to its LSE Unforced Capacity Obligation from any Installed Capacity Supplier through Bilateral Transactions with purchases in ISO-administered Installed Capacity auctions, by self-supply from qualified sources, or by a combination of these methods. Each LSE must certify the amount of Unforced Capacity it has or has obtained prior to the beginning of each Obligation Procurement Period by submitting completed Installed Capacity certification forms to the ISO by the date specified in the ISO Procedures. The Installed Capacity certification forms submitted by the LSEs shall be in the format and include all the information prescribed by the ISO Procedures.

All LSEs shall participate in the ICAP Spot Market Auction pursuant to Section 5.14.1 of this Tariff.

5.11.3 Load-Shifting Adjustments

The ISO shall account for Load-shifting among LSEs each month using the best available information provided to it and the affected LSEs by the individual Transmission Owners. The ISO shall, upon notice of Load-shifting by a Transmission Owner and verification by the relevant Load-losing LSE, increase the Load-gaining LSE's LSE Unforced Capacity Obligation, as applicable, and decrease the Load-losing LSE's LSE Unforced Capacity Obligation, as applicable, to reflect the Load-shifting.

The Load-gaining LSE shall pay the Load-losing LSE an amount, pro-rated on a daily basis, based on the Market-Clearing Price of Unforced Capacity determined in the most recent previous applicable ICAP Spot Market Auction until the first day of the month after the nearest following Monthly Installed Capacity Auction is held. The amount paid by a Load-gaining LSE shall reflect any portion of the Load-losing LSE's LSE Unforced Capacity Obligation that is attributable to the shifting Load for the applicable Obligation Procurement Period, in accordance with the ISO Procedures. In addition, the amount paid by a Load-gaining LSE shall be reduced by the Load-losing LSE's share of any rebate associated with the lost Load paid pursuant to Section 5.15 of this Tariff.

Each Transmission Owner shall report to the ISO and to each LSE serving Load in its Transmission District the updated, aggregated LSE Loads with documentation in accordance with and by the date set forth in the ISO Procedures. The ISO shall reallocate a portion of the NYCA Minimum Unforced Capacity Requirement and the Locational Minimum Unforced Capacity Requirement, as applicable, to each LSE for the following Obligation Procurement

Period, which shall reflect all documented Load-shifts as of the end of the current Obligation Procurement Period. Any disputes among Market Participants concerning Load-shifting shall be resolved through the Expedited Dispute Resolution Procedures set forth in Section 5.17 of this Tariff, or the Transmission Owner's retail access procedures, as applicable. In the event of a pending dispute concerning a Load-shift, the ISO shall make its Obligation Procurement Period Installed Capacity adjustments as if the Load-shift reported by the Transmission Owners had occurred, or if the dispute pertains to the timing of a Load-shift, as if the Load-shift occurred on the effective date reported by the Transmission Owner, but will retroactively modify these allocations, as necessary, based on determinations made pursuant to the Expedited Dispute Resolution Procedures set forth in Section 5.17 of this Tariff, or the Transmission Owner's retail access procedures, as applicable.

5.11.4 LSE Locational Minimum Installed Capacity Requirements

Subject to Section 5.11.7 of this ISO Services Tariff, ~~T~~the ISO will determine the Locational Minimum Installed Capacity Requirements, stated as a percentage of the Locality's forecasted Capability Year peak Load and expressed in Unforced Capacity terms, that shall be uniformly applicable to each LSE serving Load within a Locality. In establishing Locational Minimum Installed Capacity Requirements, the ISO will take into account all relevant considerations, including the total NYCA Minimum Installed Capacity Requirement, the NYS Power System transmission Interface Transfer Capability, the election by the holder of rights to UDRs that can provide Capacity from an External Control Area with a capability year start date that is different than the corresponding ISO Capability Year start date ("dissimilar capability year"), the Reliability Rules and any other FERC-approved Locational Minimum Installed Capacity Requirements.

The ISO shall compute the Locational Minimum Installed Capacity Requirements in accordance with ISO Procedures:

- (a) to minimize the total cost of capacity at the prescribed level of excess. For purposes of this computation, the ISO shall use the prescribed level of excess (as such term is defined in Section 5.14.1.2.2 of this Tariff,) and shall take into account the cost curves established with the results of net Energy and Ancillary Services revenue offset (as such term is defined in Section 5.14.1.2.2 of this Tariff,) that are (i) if for the first Capability Year covered by the applicable periodic review (as described in Section 5.14.1.2.2 of this Tariff,) the values utilized by the ISO in calculating the reference points for each ICAP Demand Curve as proposed by the ISO to be applicable for such first year in the ISO's filing referenced in Section 5.14.1.2.2.4.11 of this Tariff; and (ii) if for any subsequent Capability Year covered by such periodic review, the values utilized by the ISO in calculating the reference points for each ICAP Demand Curve for the respective Capability Year.
- (b) to maintain the loss of load expectation of no more than 0.1 days per year; and
- (c) so that the transmission security limits determined by the ISO in accordance with this paragraph and ISO Procedures, are respected. The ISO will determine these limits using inputs consistent with the NYSRC Installed Reserve Margin base case for the Capability Year to which the Locational Minimum Installed Capacity Requirements will apply except as provided in Section 5.11.7 of this ISO Services Tariff. The ISO will compute such limits by determining the bulk power system transmission capability into the Locality, the MW of generation within the Locality

accounting for capacity unavailability, the minimum MW of available capacity required for each Locality based on forecasted Load, and using the N-1-1 system planning criteria (*i.e.*, a sequence of a primary contingency event followed by a secondary contingency event) to analyze thermal limits affecting the Locality. The ISO will post on its web site a report of its determination.

In computing the Locational Minimum Installed Capacity Requirements, the ISO shall utilize results from probabilistic modeling of reliability simulations, recognizing system constraints.

The Installed Capacity Supplier holding rights to UDRs from an External Control Area with a dissimilar capability year shall have one opportunity for a Capability Year in which the Scheduled Line will first be used to offer Capacity associated with the UDRs, to elect that the ISO determine Locational Minimum Installed Capacity Requirements without a quantity of MW from the UDRs for the first month in the Capability Year, and with the same quantity of MW as Unforced Capacity for the remaining months, in each case (a) consistent with and as demonstrated by a contractual arrangement to utilize the UDRs to import the quantity of MW of Capacity into a Locality, and (b) in accordance with ISO Procedures (a “capability year adjustment election”). If there is more than one Installed Capacity Supplier holding rights to UDRs concurrently, an Installed Capacity Supplier’s election pursuant to the preceding sentence (x) shall be binding on the entity to which the NYISO granted the UDRs up to the quantity of MW to which the Installed Capacity Supplier holds rights, and a subsequent assignment of these UDRs to another rights holder will not create the option for another one-time election by the new UDR rights holder, and (y) shall not affect the right another Installed Capacity Supplier may have to make an election. The right to make an election shall remain unless and until an election

has been made by one or more holders of rights to the total quantity of MW corresponding to the UDRs. Absent this one-time election, the UDRs shall be modeled consistently for all months in each Capability Year as elected by the UDR rights holder in its notification to the ISO in accordance with ISO Procedures. Upon such an election, the ISO shall determine the Locational Minimum Unforced Capacity Requirement (i) for the first month of the Capability Year without the quantity of MW of Capacity associated with the UDRs, and (ii) for the remaining eleven months as Unforced Capacity. After the Installed Capacity Supplier has made its one-time election for a quantity of MW, the quantity of MW associated with the UDRs held by the Installed Capacity Supplier shall be modeled consistently for all months in any future Capability Period.

~~Notwithstanding anything to the contrary in the ISO Tariffs and ISO Procedures, the Locational Minimum Installed Capacity Requirements for the 2020/2021 Capability Year that were approved by the Operating Committee on January 16, 2020 shall not be modified based on the revised ICAP Demand Curves set forth in Section 5.14.1.2.2.5 of this Tariff that are applicable for all months covered by the 2020/2021 Winter Capability Period.~~

5.11.5 The Locational Minimum Unforced Capacity Requirement

The Locational Minimum Unforced Capacity Requirement represents a minimum level of Unforced Capacity that must be secured by LSEs in each Locality in which it has Load for each Obligation Procurement Period. For each Capability Period prior to the Capability Period starting May 1, 2024 the Locational Minimum Unforced Capacity Requirement for each Locality shall equal the product of the Locational Minimum Installed Capacity Requirement for a given Locality ((A) with or without the UDRs if there is a capability year adjustment election by a rights holder and (B) without the Locality Exchange MW) and the ratio of (1) the total amount of

Unforced Capacity that the specified Resources are qualified to provide (with or without the UDRs associated with dissimilar capability periods, as so elected by the rights holder) during each month in the Capability Period, as of the time the Locational Minimum Unforced Capacity Requirement is determined as specified in ISO Procedures, to (2) the sum of the Adjusted Installed Capacity values used to determine the Unforced Capacities of such Resources for such Capability Period (with or without the DMNCs associated with the UDRs, as so elected by the rights holder). Starting with the Capability Period that begins on May 1, 2024 and for each subsequent Capability Period, subject to Section 5.11.7 of this ISO Services Tariff, the Locational Minimum Unforced Capacity Requirement for each Locality shall equal the product of the Locational Minimum Installed Capacity Requirement for a given Locality ((A) with or without the UDRs if there is a capability year adjustment election by a rights holder and (B) without the Locality Exchange MW) and the ratio of (1) the total amount of Unforced Capacity that the specified Resources are qualified to provide (with or without the UDRs associated with dissimilar capability periods, as so elected by the rights holder) during each month in the Capability Period, as of the time the Locational Minimum Unforced Capacity Requirement is determined as specified in ISO Procedures, to (2) the sum of the Installed Capacity values used to determine the Unforced Capacities of such Resources for such Capability Period (with or without the DMNCs associated with the UDRs, as so elected by the rights holder).-

The foregoing calculation shall be determined using the Resources in the given Locality in the most recent final version of the ISO's annual Load and Capacity Data Report, with the addition of Resources commencing commercial operation since completion of that report and the deletion of Resources with scheduled or planned retirement dates before or during such Capability Period. The ISO will apply the Locality Exchange Factor for the applicable External

Control Area to the MW of Locational Export Capacity that are the lesser of (i) the lesser of the Generator's CRIS and its most recent DMNC, and (ii) the MW pursuant to the notice provided pursuant to Section 5.9.2.2.1 of this Services Tariff.

Under the provisions of this Services Tariff and the ISO Procedures, each LSE will be obligated to procure its LSE Unforced Capacity Obligation. The LSE Unforced Capacity Obligation will be determined for each Obligation Procurement Period by the ICAP Spot Market Auction, in accordance with the ISO Procedures.

Installed Capacity Suppliers will have the opportunity to supply amounts of Unforced Capacity to meet the LSE Unforced Capacity Obligation as established by the ICAP Spot Market Auction.

To be counted towards the locational component of the LSE Unforced Capacity Obligation, Unforced Capacity owned by the holder of UDRs or contractually combined with UDRs must be deliverable to the NYCA interface with the UDR transmission facility pursuant to NYISO requirements and consistent with the election of the holder of the rights to the UDRs set forth in this Section.

The ISO shall have the right to audit all executed Installed Capacity contracts and related documentation of arrangements by an LSE to use its own generation to meet its Locational Minimum Installed Capacity Requirement for an upcoming Obligation Procurement Period.

5.11.6 Determination of Locality Exchange Factor:

No later than January 31 each year, the ISO shall determine the Locality Exchange Factor for each Import Constrained Locality relative to each neighboring Control Area.

The ISO shall make each such determination by performing a power flow based analysis according to applicable transmission system planning practices for the determination of interface

transfer limits used for the resource adequacy topology. Base case data from the most recent Reliability Planning Process will be incorporated. The Locality Exchange Factor is the ratio of the shift factor on the applicable NYCA interface of a transfer from the Import Constrained Locality to the respective neighboring Control Area, to the shift factor of a transfer from Rest of State to the Import Constrained Locality, calculated in accordance with ISO Procedures. Only the AC circuits comprising the respective neighboring Control Area's interface with the NYCA will participate in the shift. The ISO shall post its Locality Exchange Factors on its website prior to the opening of the Summer Capability Period Auction, and notify the New York State Reliability Council.

5.11.7 ICAP Market Parameters for Triggering Resources

The ISO shall identify whether the upcoming Capability Year includes a Triggering Resource prior to determining the Locational Minimum Installed Capacity Requirements for such Capability Year.

If more than one potential new Installed Capacity Supplier would otherwise qualify as a Triggering Resource for a given Capability Year, one of such potential new Installed Capacity Supplier shall be designated as the Triggering Resource for such Capability Year based on consideration of each such potential new Installed Capacity Supplier's respective impact on the transfer capability into a Locality, their respective potential impact on ICAP market parameters, and their respective potential timing to commence participation in the ICAP market. The ISO shall review with Market Participants its proposed designation and obtain Operating Committee approval of the potential new Installed Capacity Supplier designated as the Triggering Resource for such Capability Year.

If the ISO has identified that a Triggering Resource exists for the upcoming Capability Year, the ISO shall determine two sets of ICAP market parameters for such Capability Year. For each set of ICAP market parameters, the ISO shall determine the NYCA Minimum Unforced Capacity Requirement pursuant to Section 5.10 of this ISO Services Tariff, Locational Minimum Installed Capacity Requirements pursuant to Section 5.11.4 of this ISO Services Tariff, LSE Unforced Capacity Requirements pursuant to Section 5.11 of this ISO Services Tariff, Capacity Accreditation Factors pursuant to Section 5.12.14.3 of this ISO Services Tariff, the amount of Unforced Capacity each Resource is qualified to supply in the NYCA pursuant to Section 5.12.6 of this ISO Services Tariff, and Unforced Capacity demand curves pursuant to Section 5.14.1.2 of this ISO Services Tariff. The ISO shall determine the respective ICAP market parameters for each set consistent with the timing requirements set forth in this ISO Services Tariff and ISO Procedures.

The starting database for each set of ICAP market parameters and procedures for determining the applicable set of ICAP market parameters is further described herein. Section 5.11.7.1 of this ISO Services Tariff addresses circumstances when a Triggering Resource is included as supplying ICAP in the final base case model approved by the NYSRC for determining the NYCA Installed Reserve Margin applicable to the Capability Year during which such Triggering Resource first seeks to commence participation in the ICAP market. Section 5.11.7.2 of this ISO Services Tariff addresses circumstances when a Triggering Resource has not been included as supplying ICAP in the final base case model approved by the NYSRC for determining the NYCA Installed Reserve Margin applicable to the Capability Year during which such Triggering Resource first seeks to commence participation in the ICAP market.

5.11.7.1 Triggering Resources Included in the IRM Study Final Base Case

For a Capability Year with a Triggering Resource that has been included and is assumed to supply ICAP in the final base case model approved by the NYSRC for determining the NYCA Installed Reserve Margin applicable to such Capability Year, the following procedures shall apply for the two sets of ICAP market parameters that the ISO is required to develop for such Capability Year.

One set of ICAP market parameters shall be determined using the case resulting from the NYCA Installed Reserve Margin approved by the NYSRC for such Capability Year as the starting database (for purposes of this Section 5.11.7.1 hereinafter referred to as “Case 1A”). Except for the determination of import limits for External Installed Capacity and the Peak Load Window, the starting database for determining the second set of ICAP market parameters shall be Case 1A adjusted to remove the Triggering Resource while not exceeding the loss of load expectation associated with Case 1A and maintaining the NYCA Installed Reserve Margin approved by the NYSRC (for purposes of this Section 5.11.7.1 hereinafter referred to as “Case 1B”). The import limits for External Installed Capacity established pursuant to Section 5.12.2.2 of this ISO Services Tariff and the Peak Load Window established pursuant to Section 5.12.14.3 of this ISO Services Tariff shall be the same for each set of ICAP market parameters and shall be determined using Case 1A as the starting database.

The ISO shall identify the ICAP market parameters that will apply beginning with the May Obligation Procurement Period in a notice prior to the start of the Capability Period Auction for the Summer Capability Period encompassed by such Capability Year. If, in accordance with Section 5.11.7.3 of this ISO Services Tariff and ISO Procedures, the Triggering Resource provides the required notice of intent to commence participation in the ICAP market for the May Obligation Procurement Period of such Capability Year, the ISO shall, within five (5) business

days after receipt of the Triggering Resource's required notice of intent to commence ICAP market participation, provide notice that ICAP market parameters determined using Case 1A shall apply for the entire Capability Year.

If the Triggering Resource does not provide such required notice of intent to commence ICAP market participation for the May Obligation Procurement Period of such Capability Year, the ISO shall provide notice that ICAP market parameters determined using Case 1B shall be implemented starting with the May Obligation Procurement Period. ICAP market parameters determined using Case 1B shall remain in effect until the Obligation Procurement Period during such Capability Year for which the Triggering Resource, in accordance with Section 5.11.7.3 of this ISO Services Tariff and ISO Procedures, provides the required notice of intent to commence ICAP market participation; provided, however, if the Triggering Resource does not provide such required notice of intent to commence ICAP market participation for an Obligation Procurement Period prior to the November Obligation Procurement Period of such Capability Year, the ISO shall provide notice prior to the start of the Capability Period Auction for the Winter Capability Period encompassed by such Capability Year confirming that ICAP market parameters determined using Case 1B shall remain in effect for the balance of the Capability Year.

If, in accordance with Section 5.11.7.3 of this ISO Services Tariff and ISO Procedures, the Triggering Resource does not provide the required notice of intent to commence ICAP market participation for the May Obligation Procurement Period of such Capability Year but provides such required notice of its intent to commence ICAP market participation for an Obligation Procurement Period prior to the November Obligation Procurement Period of such Capability Year, the ISO shall provide notice within five (5) business days after receipt of the Triggering Resource's notice of intent to commence ICAP market participation to indicate that

the ISO will implement ICAP market parameters determined using Case 1A beginning with the same Obligation Procurement Period designated by the Triggering Resource's notice of intent to commence ICAP market participation. ICAP market parameters determined using Case 1A shall be implemented beginning with the applicable Obligation Procurement Period, as determined in accordance with the immediately preceding sentence, and remain in effect for the balance of the Capability Year.

5.11.7.2 Triggering Resources Not Included in the IRM Study Final Base Case

For a Capability Year with a Triggering Resource that has not been included and is not assumed to supply ICAP in the final base case model approved by the NYSRC for determining the NYCA Installed Reserve Margin applicable to such Capability Year, the following procedures shall apply for the two sets of ICAP market parameters that the ISO is required to develop for such Capability Year.

One set of ICAP market parameters shall be determined using the case resulting from the NYCA Installed Reserve Margin approved by the NYSRC for such Capability Year as the starting database (for purposes of this Section 5.11.7.2 hereinafter referred to as "Case 2A"). Except for the determination of import limits for External Installed Capacity and the Peak Load Window, the starting database for determining the second set of ICAP market parameters shall be Case 2A adjusted to include the Triggering Resource as supplying ICAP while not exceeding the loss of load expectation associated with Case 2A and maintaining the NYCA Installed Reserve Margin approved by the NYSRC (for purposes of this Section 5.11.7.2 hereinafter referred to as "Case 2B"). The import limits for External Installed Capacity established pursuant to Section 5.12.2.2 of this ISO Services Tariff and the Peak Load Window established pursuant

to Section 5.12.14.3 of this ISO Services Tariff shall be the same for each set of ICAP market parameters and shall be determined using Case 2A as the starting database.

The ISO shall identify the ICAP market parameters that will apply beginning with the May Obligation Procurement Period in a notice prior to the start of the Capability Period Auction for the Summer Capability Period encompassed by such Capability Year. If, in accordance with Section 5.11.7.3 of this ISO Services Tariff and ISO Procedures, the Triggering Resource provides the required notice of intent to commence participation in the ICAP market for the May Obligation Procurement Period of such Capability Year, the ISO shall, within five (5) business days after receipt of the Triggering Resource's required notice of intent to commence ICAP market participation, provide notice that ICAP market parameters determined using Case 2B shall apply for the entire Capability Year.

If the Triggering Resource does not provide such required notice of intent to commence ICAP market participation for the May Obligation Procurement Period of such Capability Year, the ISO shall provide notice that ICAP market parameters determined using Case 2A shall be implemented starting with the May Obligation Procurement Period. ICAP market parameters determined using Case 2A shall remain in effect until the Obligation Procurement Period during such Capability Year for which the Triggering Resource, in accordance with Section 5.11.7.3 of this ISO Services Tariff and ISO Procedures, provides the required notice of intent to commence ICAP market participation; provided, however, if the Triggering Resource does not provide such required notice of intent to commence ICAP market participation for an Obligation Procurement Period prior to the November Obligation Procurement Period of such Capability Year, the ISO shall provide notice prior to the start of the Capability Period Auction for the Winter Capability

Period encompassed by such Capability Year confirming that ICAP market parameters determined using Case 2A shall remain in effect for the balance of the Capability Year.

If, in accordance with Section 5.11.7.3 of this ISO Services Tariff and ISO Procedures, the Triggering Resource does not provide the required notice of intent to commence ICAP market participation for the May Obligation Procurement Period of such Capability Year but provides such required notice of its intent to commence ICAP market participation for an Obligation Procurement Period prior to the November Obligation Procurement Period of such Capability Year, the ISO shall provide notice within five (5) business days after receipt of the Triggering Resource's notice of intent to commence ICAP market participation to indicate that the ISO will implement ICAP market parameters determined using Case 2B beginning with the same Obligation Procurement Period designated by the Triggering Resource's notice of intent to commence ICAP market participation. ICAP market parameters determined using Case 2B shall be implemented beginning with the applicable Obligation Procurement Period, as determined in accordance with the immediately preceding sentence, and remain in effect for the balance of the Capability Year.

5.11.7.3 Notice of Intent to Commence ICAP Market Participation

In accordance with the requirements of Section 5.12.1.1 of this ISO Services Tariff, a Triggering Resource shall provide notice of intent to commence ICAP market participation indicating the first Obligation Procurement Period for which the Triggering Resource intends to participate in the ICAP market. A Triggering Resource shall not be permitted to provide such notice until the Triggering Resource (or in the case of an ICAP Supplier holding rights to new UDRs, the transmission facility associated with such new UDRs) successfully completes Trial

Operation, as such term is defined in Section 30.1 of Attachment X to the ISO OATT and Section 40.1 of Attachment HH to the ISO OATT.

To commence participation in the ICAP market for the first Obligation Procurement Period of a Capability Period (i.e., May or November), a Triggering Resource must successfully complete Trial Operation and submit the required notice of intent to commence ICAP market participation for such Obligation Procurement Period by the first business day of the month that is two months prior to the start of such Obligation Procurement Period.

To commence participation in the ICAP market for any Obligation Procurement Period other than the first Obligation Procurement Period of a Capability Period, a Triggering Resource must successfully complete Trial Operation and submit the required notice of intent to commence ICAP market participation for the applicable Obligation Procurement Period by the tenth (10th) calendar day of the month that is two months prior to the start of such Obligation Procurement Period.

The Triggering Resource may, consistent with the requirements of this ISO Services Tariff and ISO Procedures, commence ICAP market participation for any Obligation Procurement Period during the applicable Capability Year; provided, however, that if, in accordance with this Section 5.11.7.3, the Triggering Resource does not provide the required notice of intent to commence ICAP market participation on or before August 10 designating its intent to commence ICAP market participation for an Obligation Procurement Period prior to the November Obligation Procurement Period of such Capability Year, the ISO will not implement ICAP market parameters determined using Case 1A (as defined in Section 5.11.7.1 of this ISO Services Tariff) or Case 2B (as defined in Section 5.11.7.2 of this ISO Services Tariff), as applicable, for the Winter Capability Period of such Capability Year.