

OATT ATTACHMENT II – CHAMPLAIN-HUDSON POWER EXPRESS MERCHANT TRANSMISSION FACILITY

This Attachment II to (Section 41 of) the ISO’s OATT addresses the Champlain-Hudson Power Express Merchant Transmission Facility (the “MTF”) that is subject to the ISO’s operational control.

Topics addressed in this Attachment II include responsibilities of the MTF Provider, such as: (a) information and posting requirements for the MTF Provider OASIS, (b) registration of Transmission Customers to be eligible to obtain MTF Reservations, (c) the processes for obtaining MTF Reservations, (d) availability of and limitations on MTF Reservations, (e) releases of unused MTF Reservations, (f) calculation of ATC for use in the administration of MTF Reservations, and (g) an overview of credit requirements for obtaining MTF Reservations. Additional responsibilities of the MTF Provider are set forth in the NTO Agreement between the ISO and the MTF Provider, and elsewhere in the ISO Tariffs and Procedures. This Attachment II addresses other topics related to the MTF, including: (1) rights associated with MTF Reservations, (2) requirements and obligations that apply to Transmission Customers that seek to obtain, or that hold MTF Reservations, (3) the ISO’s scheduling and curtailment of Imports to the NYCA over the MTF, (4) operation of the MTF, and (5) communications failure among/between the ISO the MTF Provider and HQT.

41.1. Definitions

Capitalized terms used and defined in this Attachment II shall have the meaning given them in this Attachment. Capitalized terms used and not defined in this Attachment, but defined in other provisions of the ISO Tariffs, shall have the meaning given them under those provisions.

Hydro-Quebec Merchant Function (“HQUS”): Hydro-Québec’s merchant function is referred to as H.Q. Energy Services (U.S.) Inc. or “HQUS.”

Hydro-Quebec Transmission Function (“HQT”): Hydro-Québec when carrying on electric power transmission activities is referred to as “HQT.” In other sections of the ISO Tariffs, HQT is sometimes referred to as Hydro-Québec TransEnergie or “HQTE.”

Initial MTF Reservation Holder: The MTF Provider has allocated the full 1,250 MW of transfer capability associated with the MTF pursuant to an open solicitation and a Firm Electric Transmission Rights Purchase Agreement executed with H.Q. Energy Services (U.S.) (“HQUS”). See Letter Order Accepting CHPE LLC's Post-Open Solicitation Compliance Filing, ER20-1214-001, 002 (February 8, 2022). The original MTF Reservation HQUS acquired from the MTF Provider expires on the fortieth (40th) anniversary of the initial commercial operation of the MTF.

MTF: The Champlain Hudson Power Express Line is a 1,250 MW, high voltage direct current, controllable Merchant Transmission Facility extending from the Point of Receipt where it connects to transmission facilities owned and operated by Hydro-Québec at the U.S. - Canada border to its Point of Delivery where it connects to the rest of the NYS Transmission System at the Astoria Annex 345 kV GIS Substation in Queens, New York within Zone J.

MTF Provider: CHPE LLC and its designated agent(s). The MTF Provider is responsible for registration of Transmission Customers to procure, hold and use MTF Reservations, administering and maintaining the MTF Provider OASIS, administering MTF Reservations, and operating the MTF consistent with the Operating Agreement between the MTF provider and ISO, the ISO’s Tariffs and applicable reliability standards and rules. The MTF Provider is expected to recognize and respect the timeframes in which the ISO Administered Markets

require information related to the MTF to be made available.

MTF Provider Business Practices: Rules and procedures developed by the MTF Provider that set forth details about: (i) how the MTF Provider implements its responsibilities under this Attachment; and (ii) the obligations and requirements that Transmission Customers must satisfy to acquire and hold a MTF Reservation. The MTF Provider Business Practices, including any proposed revisions thereto, must be prominently posted on the MTF Provider OASIS.

Except where circumstances require action to address an immediate reliability or market issue that requires a change to the MTF Provider Business Practices, the MTF Provider shall post proposed changes to its Business Practices for comment on the MTF Provider OASIS for at least five business days before they take effect, and provide any comments the MTF Provider receives to the ISO. Changes to Business Practices that are initially implemented to address an immediate reliability or market issue must be posted for comment on the MTF Provider OASIS for at least five business days after they take effect, and the MTF Provider shall provide any comments it receives to the ISO.

The ISO may reject or require revisions to a proposed MTF Provider Business Practice if the ISO determines that either: (a) the new or revised MTF Provider Business Practice is inconsistent with the requirements of the ISO's Tariffs, or (b) that the ISO would need to modify its own processes or procedures in order to accommodate the new or revised MTF Provider Business Practice. It may take some time for the ISO to identify an inconsistency between a new or revised MTF Provider Business Practice and the ISO's Tariffs, processes or procedures. The ISO shall provide any determination approving, rejecting or requiring revisions to a new or revised MTF Provider Business Practice in order for the new or revised

MTF Provider Business Practice to be approved, to the MTF Provider in writing.

MTF Provider OASIS: The Open-Access Same Time Information System administered by the MTF Provider addressing the MTF. The MTF Provider OASIS will satisfy all FERC requirements for the transmission path associated with the MTF, and MTF Reservations will be offered to qualified Transmission Customers on the MTF Provider OASIS. Information posted on the MTF Provider OASIS shall include: the results of the Commission-mandated open-season process used to initially allocate transmission rights on the MTF; Available Transfer Capability (ATC) for the MTF; MTF Reservation holder, quantity in MW, and duration; estimated line losses from the MTF Point of Receipt to the MTF Point of Delivery; opportunities to acquire MTF Reservations from the MTF Provider and from current MTF Reservation holders; the MTF Provider Business Practices; and the rates that the MTF Provider will assess to Transmission Customers that acquire Default Release MTF Reservations. The ISO will use information posted on the MTF Provider OASIS to determine if MTF Reservations are valid and sufficient to support an Energy market Bid, or the sale of Capacity.

MTF Reservation: Defined in Section 3 of this Attachment II. Includes Default Release MTF Reservation.

MTF Reservation Application: The information that must be submitted in a MTF Reservation Application is specified in Section 41.5.2.3 of this Attachment II.

MTF Reservation Charge(s): Charges assessed to Transmission Customers that hold MTF Reservations, which shall be determined pursuant to arrangements between the MTF Provider and the Transmission Customer(s). The MTF Provider may pay MTF Reservation Charges it collects for resale or release of MTF Reservations to holders of MTF Reservations that were acquired by other Transmission Customers. MTF Reservation Charges shall be in accordance

with the Commission's authorization for the MTF Provider to charge negotiated rates for the use of transmission service over its MTF. The MTF Reservation Charge that will be assessed when a Default Release MTF Reservation is acquired must be posted on the MTF Provider OASIS.

MTF Reservation Service Agreement: A blanket Service Agreement that is consistent with the *pro forma* Service Agreement set forth in Section 41.19 of the OATT, or an unexecuted or non-conforming Service Agreement that is filed in conformance with Part 35 of the Commission's Regulations (18 CFR Part 35).

NTO Agreement: An agreement between the ISO and the MTF Provider that is based on the *pro forma* agreement in Section 31.11 (or any successor section) of the ISO OATT.

41.2. Allocation of Available Transfer Capability Over MTF

41.2.1 Commission-Approved Allocation Process: All available transfer capability over MTF was allocated to the MTF Provider, which assigned the rights to the Initial MTF Reservation Holder pursuant to a Commission-approved rights allocation process. To the extent that transfer capability over MTF is not fully reserved through the Commission-approved rights allocation process, such excess transfer capability shall be made available for acquisition by public posting on the MTF Provider OASIS by the MTF Provider, treating the MTF Provider as the MTF Reservation holder. Secondary rights to use the MTF, to the extent unused by MTF Reservation holders, shall be offered on the MTF Provider OASIS by MTF Provider consistent with the Default Release rules set forth below in Section 41.18.

41.2.2 Voluntary Transfer of MTF Reservations: Voluntary releases of MTF Reservations by MTF Reservation holders may be posted for sale and acquired by qualified Transmission

Customers on the MTF Provider's OASIS consistent with Section 41.18 of this Attachment.

Posting a voluntary release on the MTF Provider OASIS in accordance with Section 41.18 is the only way to voluntarily transfer MTF Reservations on an hourly basis. Daily and longer duration voluntary releases of MTF Reservations may, alternatively, be transferred via a bilateral agreement between the reselling MTF Reservation holder and a qualified Transmission Customer. The reselling MTF Reservation holder is required to inform the MTF Provider and to post the transfer on the MTF Provider's OASIS before service commences consistent with Sections 41.8 and 41.18.4 below.

41.3. MTF Service

41.3.1 MTF Reservations and Scheduling Transmission Service Over the MTF

41.3.1.1 MTF Reservation: A MTF Reservation is a right to receive firm transmission service from the MTF's Point of Receipt to its Point of Delivery in accordance with this Attachment II and the MTF Provider Business Practices for a specified period of time, up to a specified maximum quantity of MW.

The minimum duration of a MTF Reservation is one hour. The maximum duration shall be specified in the MTF Reservation Service Agreement or the OASIS posting for the MTF Reservation. In the event of a conflict, the shorter duration shall apply. The maximum duration shall be limited by the rights that the transferor possesses.

The scheduling rights associated with annual, monthly, weekly or daily MTF Reservation include the ability to participate in both the ISO's Day-Ahead and Real-Time Markets. Hourly voluntary release MTF Reservations and Default Release MTF Reservations only allow participation in the ISO's Real-Time Market.

MTF Reservations may be obtained or transferred: (a) by acquiring a MTF Reservation on the MTF Provider OASIS, or (b) via a bilateral agreement between an MTF Reservation holder (the reseller) and a qualified Transmission Customer. Notice of a sale via bilateral agreement must be posted on the MTF Provider OASIS before service commences. See Sections 41.8 and 41.18.4 of this Attachment II.

The acquisition or transfer of a MTF Reservation with a duration of one day or longer must be completed and recorded on the MTF Provider OASIS at least two calendar days in advance of the start date of the acquisition or transfer. The voluntary release of a MTF Reservation with an hourly duration must be made available by posting it on the MTF Provider OASIS by noon one calendar day in advance of the start date. See Section 41.18.6 for additional rules and details.

The MTF Reservation holder, quantity in MW, and duration of each MTF Reservation shall be posted on the MTF Provider OASIS.

A MTF Reservation with a duration of one month or longer is required to support the sale of Unforced Capacity over the MTF. The ISO's other rules and requirements to sell Unforced Capacity must also be satisfied.

41.3.1.2 Default Release MTF Reservation: The MTF Reservation that a Transmission Customer acquires via the Default Release process. The duration of a Default Release MTF Reservation is one hour.

Like hourly voluntary release MTF reservations, the scheduling rights associated with Default Release MTF Reservations are only available for and only apply to the Real-Time Market. Otherwise, Default Release MTF Reservations have the same scheduling and curtailment priority as other MTF Reservations.

Default Release MTF Reservations will be made available for acquisition on the MTF Provider OASIS starting at 12:30 p.m. on the day before the relevant real-time operating day. The opportunity to acquire a Default Release MTF Reservation shall conclude ninety-five (95) minutes before the start of the relevant real-time operating hour. Real-Time Market Bids must be submitted to the ISO eighty-five (85) minutes in advance of each real-time operating hour.

If the MTF Provider reasonably anticipates that the TTC of the MTF will be affected by derates in advance of its posting of available Default Release MTF Reservations, then the MTF provider shall limit the Default Release MTF Reservations it makes available for acquisition in each hour such that MTF Reservations that are associated with timely submitted Day-Ahead or real-time Bids to schedule transmission service on the MTF, plus MTF Reservations that are posted for voluntary release on an hourly basis, plus Default Release MTF Reservations equal the anticipated ATC of the MTF for that hour. If the MTF Provider anticipates that MTF Reservations that are associated with timely submitted Day-Ahead or real-time Bids to schedule transmission service on the MTF, plus MTF Reservations that are posted for voluntary release on an hourly basis, plus Default Release MTF Reservations will equal or exceed the ATC of the MTF, then the MTF Provider shall not post any Default Release MTF Reservations for that hour.

The MTF Provider is responsible for developing a business practice that addresses how it will allocate payments it receives from entities that acquire Default Release MTF Reservations to the MTF Reservation holders whose rights were acquired.

Except as specified in this Section 41.3.1.2, or where Default Release MTF Reservations are specifically addressed, the rules that apply to MTF Reservations also apply to Default Release MTF Reservations.

41.3.1.3 Emergency Energy Transfers: The ISO and HQT may agree to employ unused transfer capability on the MTF to deliver Energy to New York in an Emergency. The ISO will reimburse the MTF Provider for any such use of MTF transfer capability as if it was Default Released and will pay HQT for the Emergency Energy delivered to the MTF Point of Receipt consistent with the Interconnection Agreement between the ISO and HQT. The MTF Provider is responsible for developing a business practice that addresses how it will allocate payments it receives from the ISO to MTF Reservation holders whose rights were used to deliver Emergency Energy.

41.3.1.4 Administration of MTF Reservations

Rules related to the administration of MTF Reservations are set forth below.

- (a) The MTF is a unidirectional transmission facility that is eligible to transmit Energy from its Point of Receipt to its Point of Delivery.
- (b) The MTF Provider shall limit total MTF Reservations to a maximum of 1250 MW in each hour of the Day-Ahead Market and of the Real-Time Market.
- (c) If the capability of the MTF is subject to a derate that the MTF Provider expects to have a duration of more than one month, then the MTF Provider shall post a notification of the derate, including the reason(s) for the derate if known, on its OASIS and limit total MTF Reservations to a reduced value, or set of values, consistent with the MTF's reduced capability.

When implementing reductions in MTF Reservations in response to a derate of the MTF that is expected to have a duration of more than one month the allocation of such derates to MTF Reservation holders shall be determined in advance and applied *pro rata* by the MTF Provider, comparing each MTF Reservation holder's reservation(s) (in MW) to the

MTF's capability (in MW).

41.3.1.5 Availability of MTF Reservations: The MTF Provider shall calculate and post on its OASIS MTF ATC, MTF Reservations held by Transmission Customers, and unreserved transfer capability for each day from the current operating day to, at least, thirteen (13) months into the future. See Section 41.21 for additional information.

Qualified Transmission Customers may acquire MTF Reservations by (a) purchasing MTF Reservations that are made available for voluntary release by MTF Reservation holders on the MTF Provider OASIS (see Section 41.18), or (b) via an agreement between a MTF Reservation holder and an eligible Transmission Customer to sell or transfer, in whole or in part, a MTF Reservation, where the transfer is recorded on the MTF Provider OASIS (see Section 41.8 below), or (c) through a default release. The MTF Provider will facilitate transfers or sales of MTF Reservations consistent with Sections 41.8 and 41.18 of this Attachment. Additionally, if and to the extent that transfer capability over MTF has not been fully allocated, a Transmission Customer that satisfies all applicable requirements may obtain a MTF Reservation from the MTF Provider.

(a) The ISO's Bid verification software will only recognize and validate Bids supported by MTF Reservations that are timely and properly recorded on the MTF Provider OASIS. The MTF Provider OASIS shall ordinarily be updated to reflect the current status of MTF Reservations no less frequently than every 5 minutes. If the MTF Provider is not able to timely update MTF Reservation postings on its OASIS, it shall inform the ISO and the Communication Failure rules set forth in Section 41.14 below may apply.

41.3.1.6 Energy Schedules and Curtailment of Energy Schedules on the MTF
Rules related to scheduling Energy on the MTF and Curtailing scheduled Energy are set forth

below.

- (a) The ISO is responsible for determining Energy schedules on the MTF and, when necessary, for implementing curtailments of Energy schedules.
- (b) The ISO shall evaluate and schedule Energy Bids on the MTF in accordance with its Tariffs, including this Attachment II. The pricing and scheduling rules that apply to the MTF are identified in Section 4.4.4 of the ISO Services Tariff.
- (c) A Transmission Customer's Bids (in MW) may not exceed its MTF Reservations.
- (d) Curtailment of Energy schedules to address NYCA limitations (including limitations on the MTF itself) shall be determined by the ISO in accordance with its Tariffs, including Section 41.3.1.8 of this Attachment II.
- (e) Energy schedules over the MTF in each hour will be limited to the transfer capability of the line in that hour, as determined by the ISO.
 - 1. If, due to limitations on Transmission Facilities in Quebec, HQT limits Energy deliveries to the MTF, or if HQT reduces the transfer capability of the Canadian transmission facilities connecting to the MTF, the ISO shall implement a corresponding limit to the MTF promptly after receiving notice of the change.
- (f) Holding a MTF Reservation that is posted on the MTF Provider OASIS and that the ISO is able to validate is a prerequisite to submitting an economic Bid to be scheduled to import Energy into New York at the MTF Point of Delivery.
- (g) The ISO may incorporate Ramp Capacity limits that apply to the MTF into its SCUC and RTC. Any Ramp Capacity limits that the ISO implements shall be publicly posted on the ISO's web site with the Ramp Capacity limits the ISO employs for other external interfaces.

- (h) The ISO may set a Ramp Capacity limit for the MTF. Except in an emergency, the ISO shall consult with HQT and the MTF Provider and provide at least one day of advance notice to them before it changes the Ramp Capacity limit that applies solely to the MTF.
- (i) The scheduling of Energy on the MTF at times when the ISO is unable to validate MTF Reservations (for example, due to the MTF Provider OASIS becoming unavailable) is addressed in Section 41.14 below.

41.3.1.7 Scheduling Imports of Energy to the NYCA over the MTF: A MTF Reservation is required to schedule an External Transaction to import Energy to New York Control Area (“NYCA”) Zone J from the HQT Balancing Authority Area (“Quebec”) over the MTF. However, a MTF Reservation is not, by itself, sufficient for Energy to flow from Quebec to the NYCA over the MTF in real-time. In order to deliver Energy to the NYCA over the MTF a Transmission Customer must (a) purchase transmission service for its Energy from HQT to the MTF Point of Receipt or Energy delivered at the MTF’s Point of Receipt, (b) hold an MTF Reservation of sufficient size (in MW) to accommodate the maximum possible Energy schedule that could result from the External Transaction Bids it submits to the ISO, (c) submit Bids that reference valid NERC E-Tags for their transaction(s), and (d) receive one or more schedules to deliver Energy to the NYCA at the MTF Point of Delivery from the ISO based on its Bids. If a MTF Reservation is not of sufficient size (in MW) to accommodate the maximum possible Energy schedule associated with a MTF Reservation holder’s submitted E-Tags referencing that reservation, then except under the circumstances addressed in Section 14 below, the ISO shall determine the Bid(s) that are not adequately supported and shall not evaluate those Bid(s) for possible scheduling.

ISO schedules and dispatch instructions will specify the Energy to be injected at the MTF

Point of Delivery; losses on the MTF are the responsibility of the Transmission Customer to satisfy.

Bids to schedule External Transactions to the NYCA over the MTF will be evaluated and scheduled by the ISO in accordance with its Tariffs, including this Attachment II. Payments or charges to Transmission Customers for External Transactions scheduled over the MTF will reflect the LBMP at the Point of Delivery and other costs or charges in accordance with the ISO's Tariffs.

- (a) Customers seeking to Schedule Day-Ahead transactions at the Proxy Generator Bus associated with the MTF (i) shall comply with all applicable ISO Procedures, and (ii) shall submit bids that reference valid NERC E-Tags for their transaction(s) no later than 10 minutes prior to the close of the DAM.
- (b) Customers seeking to schedule Real-Time Market transactions at the Proxy Generator Bus associated with the MTF (i) shall comply with all applicable ISO Procedures, and (ii) shall submit Bids that reference valid NERC E-Tags for their transaction(s) at least 85 minutes before the start of each dispatch hour.
- (c) NERC E-Tags for External Transactions at the Proxy Generator Bus associated with the MTF shall each reference no more than one MTF Reservation identification number from the MTF Provider OASIS.

41.3.1.8 Curtailment of Energy schedules on the MTF: The ISO reserves the right to effect a Curtailment, as necessary, in whole or in part, of any Energy schedule when, in the ISO's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of the MTF or of other NYCA facilities, or to address conditions or limitations in Quebec or actions taken by HQT. When the ISO instructs a Curtailment of scheduled Energy,

the MTF Provider shall make the required reductions. The ISO will notify HQT and all affected Transmission Customers in a timely manner of any Curtailments of Energy schedules.

In the event that the ISO effects a Curtailment, in whole or part, of MTF Service, no credit or other adjustment shall be provided as a result of the Curtailment with respect to the charge payable by the Transmission Customer to the MTF Provider, unless provided for by the MTF Provider under arrangements between the MTF Provider and the Transmission Customer.

A Transmission Customer may be eligible for an Import Curtailment Guarantee in accordance with Section 25.6 of the ISO's Services Tariff if an Import is curtailed to address the inability of the New York State Transmission System, other than the MTF, to reliably receive an Import that the ISO scheduled over the MTF.

No compensation will be available to Transmission Customers in the ISO Administered Markets if the ISO curtails their MTF Energy schedules to address conditions or limitations in an external control area, or actions taken by external control area operators. No compensation will be available to Transmission Customers in the ISO Administered Markets if the ISO curtails their MTF Energy schedules to address a limitation on the MTF.

41.4. Transmission Customers

41.4.1 Registration: Authorization to acquire MTF Reservations will be made available to any Transmission Customer that satisfies the requirements set forth in OATT Attachment II, completes all required applications and submits all required information. The MTF Provider is responsible for registration of Transmission Customers to acquire MTF Reservations, including determining qualification to acquire MTF Reservations.

41.4.2 Conditions Required of Transmission Customers: MTF Reservations will be made

available to a Transmission Customer by the MTF Provider only if all of the following conditions are satisfied by the Transmission Customer.

- (a) The MTF Provider has approved the Transmission Customer's completed MTF Reservation Application;
- (b) The Transmission Customer satisfies the creditworthiness criteria set forth in the information posted by the MTF Provider on the MTF Provider OASIS;
- (c) The Transmission Customer is not in arrears with regard to its obligations to pay the MTF Provider, as specified in the settlement and payment requirements posted by the MTF Provider on the MTF Provider OASIS;
- (d) The Transmission Customer and the MTF Provider have executed a MTF Reservation Service Agreement consistent with Section 41.19 of the OATT;
- (e) The Transmission Customer states in its MTF Reservation Application that it is registered as a Customer and a Transmission Customer, or equivalent, in both New York and Quebec, and that it has all necessary regulatory authority and permissions to export Energy from Quebec, Canada to New York in an amount equal to or greater than its maximum MTF Reservation(s) in MW;
- (f) The Transmission Customer accepts sole responsibility to have all necessary arrangements in place, including any and all transmission service necessary to effect delivery from the generating source(s) to the Point of Receipt prior to or at the time a MTF Reservation commences, and to maintain such service for the duration of the MTF Reservation;
- (g) The Transmission Customer must submit External Transactions into the ISO-Administered Markets in accordance with applicable requirements; and

(h) The Transmission Customer agrees to pay any costs chargeable to such Transmission Customer under this Attachment II, other provisions of the ISO Tariffs, or its MTF Reservation Service Agreement for the full term of its MTF Reservation, even at times when it does not utilize its MTF Reservation to obtain Transmission Service.

41.4.3 Transmission Customer Responsibility for Third-Party Arrangements: Any arrangements for transmission service related to the delivery of Installed Capacity and Energy to New York that may be required by neighboring electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by the ISO, notification to the ISO identifying such neighboring electric systems and authorizing them to schedule the Installed Capacity and Energy to be transmitted to the Point of Receipt. The Transmission Customer shall arrange for transmission service, as necessary, beyond the Point of Delivery in accordance with the ISO's Tariffs.

41.5. Procedures for Obtaining MTF Reservation

41.5.1 Application: qualified Transmission Customers seeking a MTF Reservation must first submit a completed MTF Reservation Application to the MTF Provider. MTF Reservation Applications should be submitted by transmitting all of the information required in Section 41.5.2.3 below to the MTF Provider in accordance with the MTF Provider Business Practices posted on the MTF Provider OASIS.

41.5.2 Request for a MTF Reservation

41.5.2.1 Timing: A request for blanket authority to acquire MTF Reservations, including both Default Release and/or voluntarily released MTF Reservations, must be made in an MTF Reservation Application submitted to the MTF Provider consistent with the requirements of the

MTF Provider Business Practices. The request should be delivered at least thirty (30) days in advance of the start of the calendar month in which service is expected to commence. The MTF Provider will consider requests for a MTF Reservation on shorter notice when practicable.

41.5.2.2 Timing for acquiring Default Release MTF Reservations: A Transmission Customer that already possesses blanket authority to acquire a defined quantity of Default Release MTF Reservations may acquire such Default Release MTF Reservation no earlier than 12:30 p.m. on the day before the relevant real-time operating day and no later than ninety-five (95) minutes before the start of the relevant real-time operating hour. A request that exceeds the limits of the Transmission Customer's blanket authority will be rejected by the MTF Provider.

41.5.2.3 MTF Reservation Application: A completed application for a MTF Reservation shall provide the information included at 18 C.F.R. § 2.20 of the Commission's regulations, plus a statement that the applicant is a Customer and a Transmission Customer, or the equivalent, in both Quebec and New York and a statement that the applicant possesses all required regulatory authority and permissions to export Energy from Quebec to New York over the MTF. A MTF Reservation Application must include, but is not limited to, the following:

- (a) The identity, address, email address, telephone number and facsimile number of the entity requesting a MTF Reservation or the ability to acquire MTF Reservation(s);
- (b) A statement that the entity requesting a MTF Reservation or the ability to acquire MTF Reservation(s) is, or will be when service commences, eligible to acquire, hold and use one or more MTF Reservations;
- (c) A statement that the entity requesting a MTF Reservation or the ability to acquire

MTF Reservation(s) is a Customer and a Transmission Customer under the ISO

Tariffs and has completed the equivalent registration process with HQT;

(d) A statement that the entity requesting a MTF Reservation or the ability to acquire

MTF Reservation(s) possesses all required regulatory authority and permissions to
export Energy from Quebec to New York over the MTF;

(e) The location of the Point of Receipt and Point of Delivery (consistent with the

descriptions included in the definition of the “MTF”) and the identities of the Delivering
Party and the Receiving Parties (which should ordinarily both be the Transmission
Customer);

(f) The earliest requested Service Commencement Date;

(g) The maximum transmission capacity (in MWs) requested at the MTF’s Point of Delivery;
and

(h) A non-refundable application processing fee of \$1,000 in calendar year 2026, escalating
consistent with the Consumer Price Index, with the updated fee taking effect on January 1st
of each subsequent year.

41.5.3 Deposit: If required by the MTF Provider, a completed application for a MTF
Reservation by a Transmission Customer shall also include a deposit of no more than (a) one
month’s charge for a MTF Reservation for service requests of one month or greater or (b) the
full charge for a MTF Reservation for service requests of less than one month. If the application
for a MTF Reservation is rejected by the MTF Provider because it does not meet the conditions
for service as set forth herein, the deposit will be returned with interest, less any reasonable
administrative costs incurred by the MTF Provider, the ISO or any affected Transmission

Owners in connection with the review of the Application for MTF Service. The deposit also will be returned with interest, less any reasonable administrative costs incurred by the MTF Provider, the ISO or any affected Transmission Owners if the new facilities or upgrades needed to provide the service cannot be completed. If an application for a MTF Reservation is withdrawn or the Transmission Customer decides not to enter into a MTF Reservation Service Agreement, the deposit will be refunded in full, with interest, less reasonable administrative costs incurred by the MTF Provider, the ISO or any affected Transmission Owners to the extent such costs have not already been recovered from the Transmission Customer. The MTF Provider will provide to the Transmission Customer a complete accounting of all costs deducted from the refunded deposit, which the Transmission Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities or upgrades are subject to the provisions of this OATT. If a MTF Reservation Service Agreement is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the MTF Reservation. Applicable interest will be calculated from the day the deposit is credited to the MTF Provider's account.

41.5.4 Notice of Deficient Application: If a MTF Reservation Application fails to meet the requirements of this Attachment II, the MTF Provider will notify the entity requesting service within fifteen (15) days of the MTF Provider's receipt of the application for a MTF Reservation of the reasons for such failure. The MTF Provider will attempt to remedy minor deficiencies in an application for a MTF Reservation through informal communications with the eligible customer. If such efforts are unsuccessful, the MTF Provider will return the application for a MTF Reservation, along with any deposit (less the reasonable administrative costs incurred by the MTF Provider in connection with the Application for MTF Service), with interest.

41.5.5 Response to a Completed Application: Following receipt of a completed MTF Reservation Application the eligible customer will be notified as soon as practicable, but not later than twenty (20) days after the date of receipt of a completed application for a MTF Reservation. Responses by the MTF Provider must be made as soon as practicable to all completed applications for MTF Reservations, and the timing of such responses must be made on a nondiscriminatory basis.

41.5.6 Execution of MTF Reservation Service Agreement: Whenever the MTF Provider determines that the requested service can be provided, it will notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed MTF Reservation Application, and will tender a conforming, blanket MTF Reservation Service Agreement to the Eligible Customer. Failure of an Eligible Customer to execute and return the blanket MTF Reservation Service Agreement (as a conforming agreement or with any non-conforming changes agreed upon with the MTF Provider) or to request the filing of an unexecuted MTF Reservation Service Agreement, within fifteen (15) days after it is tendered by the MTF Provider shall be deemed a withdrawal and termination of the Application for a MTF Reservation and any deposit submitted (less the reasonable administrative costs incurred by the MTF Provider, or the ISO in connection with the Application for a MTF Reservation) will be refunded with interest calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a (a)(2)(iii), or any successor provision thereto. Nothing herein limits the right of an Eligible Customer to file another MTF Reservation Application after such withdrawal and termination. Where a modification to the MTF would be required to accommodate the requested service, the Eligible Customer and MTF Provider must follow the applicable transmission expansion or interconnection procedures set

forth in the ISO OATT.

41.5.7 Format of MTF Reservation Service Agreement: Conforming MTF Reservation Service Agreements are Transmission Customer specific blanket agreements that specify the maximum quantity, in MW and total MWh, of firm MTF transfer capability that a Transmission Customer may simultaneously reserve by acquiring and holding MTF Reservations. See ISO OATT, Section 41.19.

41.5.8 FERC Filing and Recording of MTF Reservation Service Agreements: The MTF Provider will report to FERC through its Electronic Quarterly Reports conforming and non-conforming MTF Reservation Service Agreements. As soon as practicable after: (i) the full execution of a MTF Reservation Service Agreement that does not fully conform with the form of the agreement in Section 41.19 of the OATT, or (ii) MTF Provider's receipt of a request by Eligible Customer to file an unexecuted MTF Reservation Service Agreement, MTF Provider is responsible for timely filing the non-conforming or unexecuted agreement with FERC in compliance with applicable Commission regulations.

Promptly after receiving a complete filing package for a non-conforming or unexecuted MTF Reservation Service Agreement, the ISO (acting solely in its role as the administrator of the ISO OATT) will submit the materials to FERC on behalf of the MTF Provider. The MTF Provider shall be responsible for drafting any portions of the agreement that are in dispute and shall assume the burden of justifying any departures from the form of the MTF Reservation Service Agreement. The MTF Provider and Eligible Customer will provide FERC with their comments on an unexecuted agreement, including any alternative positions, that each may have with respect to the disputed provisions. The ISO may separately provide FERC with comments on a non-conforming or unexecuted MTF Reservation Service Agreement.

41.5.9 Treatment of Confidential and Protected Information: Consistent with the standards of conduct set forth in 18 C.F.R. Part 358 of the Commission’s regulations, the MTF Provider shall not share Confidential or Protected Information submitted by a Transmission Customer with its other Transmission Customers unless it is expressly authorized to do so, in writing, by the submitting Transmission Customer. Except as set forth in this section, the MTF Provider shall treat information: (a) included in an MTF Reservation Application, (b) submitted by a Transmission Customer, or (c) provided by the ISO or HQT, that qualifies as Confidential Information or Protected Information under the ISO’s Tariffs, consistent with the requirements that apply to the ISO in Section 12.4 of its OATT.

The MTF Provider may disclose Confidential or Protected Information to the ISO and to its Market Monitoring Unit without providing notice of the disclosure. The MTF Provider may share Transmission System Information that is necessary to reliably and safely operate the MTF with the ISO, HQT and Transmission Owner control centers. The MTF Provider may disclose Confidential or Protected Information to the Commission, the CFTC and their respective staffs in accordance with Section 12.4.2 of the ISO OATT. Finally, the MTF Provider may disclose Confidential Information to the extent that disclosure of such information is required by the ISO’s Tariffs, or by regulatory or judicial order, in a manner consistent with that required by Section 12.4 of the ISO’s OATT.

The ISO may share Confidential Information and Protected Information with the MTF Provider that the MTF Provider requires to implement the requirements of this Attachment II or other provisions of the ISO’s Tariffs. Confidential and Protected Information the ISO is permitted to share with the MTF Provider includes, but is not limited to: (a) Transmission System Information affecting the MTF, and (b) information about Day-Ahead and real-time Bids

submitted requesting Transmission Service on the MTF.

41.6. Determination of Available Transfer Capability

The MTF Provider shall calculate and post Available Transfer Capability (“ATC”), and shall post for informational purposes the Total Transfer Capability (“TTC”) that the ISO calculates, in accordance with Section 41.21 of this OATT. Upon request, the MTF Provider shall provide to the ISO and/or to its Market Monitoring Unit any information, data and documents they require to review the MTF Provider’s calculations.

41.7. Payment for MTF Reservations

A Transmission Customer shall pay the MTF Reservation Charge to the MTF Provider, or its designated agent, if the Customer: (i) receives a MTF Reservation based upon an allocation of rights to transmission service over the MTF awarded to the Transmission Customer through a Commission-approved rights allocation process; or (ii) obtains a MTF Reservation using transfer capability over the MTF made available as a result of a voluntary sale by a MTF Reservation holder or a default release; or (iii) a capability forfeiture by a rights holder consistent with the terms of a Commission-approved rights allocation. The Transmission Customer will be billed for its MTF Reservation consistent with the terms of this Attachment II and the MTF Provider Business Practices.

41.8. Sale, Assignment or Transfer of MTF Reservations

41.8.1 Procedures for Sale, Assignment or Transfer of MTF Reservation: Consistent with rules posted in the MTF Provider Business Practices on the MTF Provider OASIS, a

Transmission Customer may sell, assign, or transfer all or a portion of its rights under its MTF Reservation Service Agreement, but only to another Eligible Customer that has an executed blanket MTF Reservation Service Agreement in place, or that executes a blanket MTF Reservation Service Agreement with the MTF Provider prior to the date on which the reassignment becomes effective (the “Assignee”). The Transmission Customer that sells, assigns or transfers its rights under its MTF Reservation Service Agreement is hereafter referred to as the “Reseller.” Assignee compensation to the Reseller shall be at rates established by the Reseller. The Assignee shall be subject to all terms and conditions of this Attachment II and the ISO Tariffs, including the MTF Provider Creditworthiness Procedures set forth in Section 41.22 below. If the Assignee requests a change in service, the request will be considered and determined by the MTF Provider consistent with this Attachment.

In the case of a sale, assignment or transfer of MTF Reservations that was made available for sale and acquired on the MTF Provider OASIS, the compensation to the Reseller shall be posted on the MTF Provider OASIS. If the Assignee does not request any change in the term or conditions set forth in the original MTF Reservation Service Agreement, the Assignee shall receive the same services as did the Reseller.

MTF Reservations with a duration of one day or longer may alternatively be resold via a bilateral agreement between a Reseller and an Assignee. The Reseller shall notify the MTF Provider as soon as possible after any sale, assignment or transfer of a MTF Reservation that does not occur on the MTF Provider OASIS. Notification of a bilateral sale or transfer must be provided to the MTF Provider and posted by the Reseller on the MTF Provider OASIS by noon, at least two calendar days before the MTF Reservation is transferred to the Assignee and service may commence.

41.8.2 Limitations on and Obligations of Assignment or Transfer of Service: If the Assignee requests a change specifications set forth in the original MTF Reservation Service Agreement, the MTF Provider will consent to such change subject to the provisions of this Attachment II, provided that the change will not (a) impair the operation and reliability of the MTF, Market Participants' generation systems or TO's transmission or distribution systems, or (b) impair the ISO's ability to perform its Tariff duties, or (c) impose an obligation on the ISO to develop new procedures, market functionality or Tariff rules to support the change. The Assignee shall compensate the MTF Provider, the ISO and any affected Transmission Owner for performing any required transmission expansion or interconnection studies in accordance with the ISO OATT needed to evaluate the capability of the MTF to accommodate the proposed change and any upgrades resulting from such change. If the Assignee is unable to acquire the MTF Reservation or defaults on its obligations then the Reseller shall remain liable for the performance of all obligations under the MTF Reservation Service Agreement, except as specifically agreed to by the MTF Provider, the Reseller and the Assignee in a written instrument that is consistent with the requirements of this OATT.

41.8.3 Information on Assignment or Transfer of Service: All re-sales or assignments of MTF Reservations must be posted on the MTF Provider OASIS on or before the date the reassigned service commences. See Sections 41.8.1 and 41.18.4. The MTF Provider shall also enable holders of MTF Reservations to post information regarding MTF Reservations that are available for resale on the MTF Provider OASIS.

41.9. Real Power Losses

Transmission Customers are responsible for providing the Energy HQT and the MTF Provider

require to achieve the Energy schedule that the ISO issues.

41.10. No Effect on Rates; No Allocation of Revenues

The MTF shall not affect rates for service on the rest of the New York State Transmission System that are recovered under this OATT, and the MTF Provider shall not be allocated any revenues collected under this OATT for service on the rest of the New York State Transmission System. The MTF Provider is responsible for billing its customers. See Section 41.18.11 of this Attachment and the MTF Provider Business Practices.

41.11. Ancillary Services

Ancillary Services charges assessed to Imports on the MTF shall be assessed in the same manner as the ISO assesses such charges to Imports at other locations.

41.12. Energy Imbalances and Payback of Inadvertent Interchange on the MTF

Inadvertent Energy will be determined for the MTF by the ISO and HQT distinct from all other NYCA/Quebec interfaces and repaid on the MTF consistent with the rules in this section.

- (a) Inadvertent Energy will be determined by comparing actual power flows at the MTF's Point of Delivery to the Energy schedules that the ISO and HQT establish.
- (b) The MTF Provider, HQT and the ISO will work together to ensure that losses on the MTF are estimated and accounted for accurately. Any change to the loss factors used for the MTF shall be implemented prospectively.
- (c) Inadvertent Energy payback schedules will be determined by the ISO and HQT and communicated to the MTF Provider in advance.

(d) Inadvertent payback on the MTF shall not result in the violation of a line limit. If it would, then the inadvertent payback schedule shall be reduced, but the payback obligation will not be excused.

(e) Payback of inadvertent Energy to Quebec by the ISO will only be scheduled when Imports to the NYCA are expected to exceed the inadvertent Energy payback schedule.

41.13. Transmission Congestion Contracts

In conducting Centralized TCC Auctions and Reconfiguration Auctions, the ISO shall exclude consideration of the MTF and system security constraints relating thereto. The MTF shall not be eligible for an award of Incremental TCCs. Funding of upgrades to other components of the New York State Transmission System may be eligible for an award of Incremental TCCs in accordance with Section 19.2.4 of the ISO's OATT.

41.14. Communication Failure / Inability to Exchange Data

The rules set forth in this section address how the MTF Provider and the ISO will operate when they are, in pertinent part or entirely, unable to timely communicate with each other, or with HQT, including when software fails so that information that needs to be communicated is not timely available. The MTF Provider's responsibilities in this section may be superseded by instructions given by the ISO's operators to address a reliability concern. Any such instructions shall be issued in writing, or on a recorded line, whenever possible.

41.14.1. MTF Provider Unable to Obtain Bids from ISO—the MTF Provider shall not post Default Release MTF Reservations until it is able to obtain the Day-Ahead Bids and relevant real-time Bids submitted for service on the MTF by MTF Reservation holders from the ISO. Section

41.18.8 of this Attachment addresses the treatment of real-time Bids in the Default Release process. If the MTF provider is not able to obtain data from the ISO to confirm whether Bids were submitted for service on the MTF, then it shall not make any default releases of MTF Reservations.

41.14.2. ISO Unable to Obtain MTF Reservations from MTF Provider OASIS—if the ISO is unable to successfully query the MTF Provider OASIS to confirm the Bids it received are each tied to a MTF Reservation of equivalent or greater size (in MW) for a market-hour, then the ISO will economically evaluate all of the Bids it received to schedule an Import on the MTF and issue schedules based on its economic evaluation. The schedule that the ISO develops will respect any derate of deliveries on the MTF that it is aware of. If the real-time schedule that the ISO develops for the MTF is greater than the MTF or HQT can support, then reductions will be made in the check-out process between the ISO and HQT. If the ISO's inability to confirm that Bids are fully supported by a MTF Reservation results in the scheduling of a Bid on the MTF that was not supported, or was not adequately supported, by a corresponding MTF Reservation, then the unsupported transaction may be removed, in whole or in part, in the checkout process with HQT or thereafter, and the ISO may inform its Market Monitoring Unit or the Commission and take other appropriate action.

41.14.3. ISO Unable to Post Real-Time Schedules—if the ISO's market software is unable to develop real-time schedules for the MTF, then the ISO and HQT may agree on a schedule and the ISO will inform the MTF Provider of agreed-on schedule. The ISO may assign schedules to Market Participants consistent with Bids, e-tags, MTF Reservations, HQT's schedules and operation of its transmission system, and the ISO's Tariffs and Procedures. Any MWh imported that the ISO is not able to assign to a MTF Customer transaction will be treated as inadvertent

interchange.

41.14.4. Communication Failure—if communications fail (including telephonic communications) between and among the MTF Provider, the ISO and HQT, then the MTF is expected to continue to operate at its current schedule until communications are restored. If a partial communications failure occurs the MTF Provider shall communicate any need to derate the MTF to the ISO as soon as practicable, verbally on a recorded line or via electronic means. The ISO may assign schedules to Market Participants consistent with Bids, e-tags, MTF Reservations, HQT’s schedules and operation of its transmission system, and the ISO’s Tariffs and Procedures. Any MWh imported that the ISO is not able to assign to a MTF Customer transaction will be treated as inadvertent interchange.

41.14.5. Back-Up Operation—if the NYCA enters Back-Up Operation, the MTF Provider will be expected to follow Con Edison’s operating instructions and Con Edison will be responsible for developing interchange schedules on the MTF with HQT.

41.15. ISO Access to MTF Provider OASIS

The MTF Provider shall provide the ISO read-only access to all areas of its OASIS, including Transmission Customer specific pages and information. The ISO shall have the ability to download all available data, reports and settlements for any Transmission Customer and to create custom reports in the same manner as a Transmission Customer could. The MTF Provider shall impose security requirements on the ISO that are similar to the security requirements that apply to its Transmission Customers.

41.16. ISO Data Requests to MTF Provider and MTF Reservation Holders

The MTF Provider and MTF Reservation holders are required to promptly respond to requests for information from the ISO or its Market Monitoring Unit related to possible physical or economic withholding of the MTF from the Energy and Capacity Markets. The obligation of the MTF Provider and of MTF Reservation holders to respond to information requests is the same as the obligation that applies to Market Parties with respect to the categories of information listed in Section 30.6.2.2 of the ISO Services Tariff. The MTF Provider shall keep confidential any data request it receives from the ISO or its Market Monitoring Unit.

41.17. MTF Provider Filing Rights Under Section 205 of the Federal Power Act

The MTF provider will possess the same filing rights as other non-incumbent owners of NYCA transmission facilities. The MTF Provider is required to execute a version of the Form of Operating Agreement set forth in Section 31.11 of the OATT. Section 3.08(a) of the Form of Operating Agreement addresses the filing rights accorded to non-incumbent owners of transmission facilities in New York.

OATT Attachment II, Section 41.18 -
CHAMPLAIN-HUDSON POWER
EXPRESS MERCHANT
TRANSMISSION FACILITY
PROCEDURES FOR THE REASSIGNMENT OF MTF
RESERVATIONS

The procedures for reassignment of MTF Reservations are consistent with, and supplement, the provisions of the ISO's OATT that address the MTF. The following procedures will apply to the release of unused MTF Reservations to third parties:

41.18.1. Definitions

Capitalized terms shall have the meaning given to them in Section 41.1 of the OATT, Section 1 of the OATT or Section 2 of the Market Services Tariff.

41.18.2. Process for Release

The release of unused transfer capability will be facilitated through the posting of available MTF Reservations on the MTF Provider OASIS. The posting of such releases shall be consistent with Attachment II to the ISO OATT and FERC procedures regarding OASIS postings.

41.18.3. Character of MTF Reservations to be Offered for Release

MTF service is unidirectional, from the MTF Point of Receipt at the Quebec/New York border to the MTF Point of Delivery in New York City. A more complete explanation of the characteristics of MTF Reservations, including Default Release MTF Reservations, is set forth in Section 41.3 of the ISO's OATT.

MTF Reservations support firm transmission service in both the ISO's Day-Ahead and Real-Time Markets. MTF Reservations may be voluntarily offered for release by holders on a monthly, weekly, daily or hourly basis. Default Release MTF Reservations are made available in accordance with Section 41.18.8 below. Default Release MTF Reservations only support firm transmission service in the ISO's Real-Time Market.

41.18.4. Voluntary Assignment of Rights Holders' MTF Service Reservation

A MTF Reservation holder may assign its MTF Reservation(s) to a Transmission Customer that has registered with the MTF Provider and that is, or will be, qualified to acquire the MTF Reservation(s) before service commences. Voluntary transfers of MTF Reservations that occur through postings on the MTF Provider OASIS must occur consistent with the deadlines specified in Section 41.18.6 below.

MTF Reservations with a duration of one day or longer may alternatively be resold via a bilateral agreement between a Reseller and an Assignee, as those terms are defined in Section 41.8.1 of this Attachment. The Reseller shall notify the MTF Provider as soon as possible after any sale, assignment or transfer of a MTF Reservation that does not occur on the MTF Provider OASIS. Notification of a bilateral sale or transfer must be provided to the MTF Provider and posted by the Reseller on the MTF Provider OASIS by noon, at least two calendar days before the MTF Reservation is transferred to the Assignee and service may commence.

The voluntary assignment of MTF Reservation may be in whole or in part, in segments, on a full or partial term basis or any combination thereof. However, except for voluntary releases of hourly service which are real-time only, Day-Ahead rights may not be severed from the MTF Reservation rights for the associated real-time hour(s).

41.18.5. Eligible Transmission Customers

Market participants seeking to acquire a MTF Reservation must meet the creditworthiness and financial security standards established by the MTF Provider, and have an executed blanket MTF Reservation Service Agreement with the MTF Provider.

41.18.6. Timing of Voluntary Release

Rights Holder(s) may publicly post offers to voluntarily release MTF Reservation(s) on the MTF Provider OASIS in a time frame that allows and accounts for the posting and acquisition deadlines set forth below. Offers may be for Annual, Monthly, Weekly, Daily or Hourly service.

(a) Annual Release:

Must be acquired no later than Noon, seven calendar days before the start of the first month to which the release applies

(b) Monthly Release:

Must be acquired no later than Noon, two calendar days before the start of the month to which the release applies

(c) Weekly Release:

Must be acquired no later than Noon, two calendar days before the first operating day to which the release applies

(d) Daily Release:

Must be acquired no later than Noon, two calendar days before the operating day to which the release applies

(e) Hourly Release:

- Must be posted no earlier than Noon, two calendar days before the operating day to which the release applies and no later than Noon the day before the operating day to which the release applies
- Must be acquired no later than ninety-five (95) minutes before the start of the relevant real-time operating hour

The deadlines set forth above address voluntary offers to release a MTF Reservation holder's MTF Reservation to facilitate full access to MTF transfer capability for third parties. Automatic release of transfer capability due to MTF Reservation holders' failure to either (a) submit a Bid to schedule transmission service over the MTF, or (b) make MTF Reservations available via a voluntary release, is governed by the "Default Release" provision, below.

41.18.7.Posting of Release and Award of Reservation

Releases of MTF Reservations and acquisitions of such reservations via the MTF Provider OASIS shall be accomplished through the posting of MTF Reservations offered for release at a publicly posted rate on the MTF Provider OASIS, with the award of such MTF Reservations performed on a first-come, first served basis for eligible Transmission Customers that meet the

posted rate. Any fee that the MTF Provider assesses for administering or facilitating releases of MTF Reservations on its OASIS shall be publicly posted.

41.18.8.Default Release Process

Default Release MTF Reservations equal to the difference between: (A) the quantity, in MW, of (i) validated Bids that were submitted to the ISO's Day-Ahead Market by MTF Reservation holders, plus (ii) validated Bids that were submitted to the ISO's Real-Time Market by MTF Reservation holders by noon, the day before the relevant real-time operating day, plus (iii) hourly voluntary releases that have been posted by MTF Reservations holder(s) by noon, the day before the relevant real-time operating day; and (B) the expected capability of the MTF determined by the MTF Provider for each real-time scheduling hour, shall be released for acquisition by third parties and posted on the MTF Provider OASIS as Available Transfer Capability by 12:30 p.m. on the day before the real-time operating day. Default Release MTF Reservations for the released capability will be issued on a first-come, first-served basis through the MTF Provider OASIS to eligible Transmission Customers that meet the posted rate.

41.18.9.Priority of Capability Released Under the Default Release Provisions

All MTF Reservations, including Default Release MTF Reservations, support firm transmission service, differences are limited to the timing of release, duration of service, and whether the MTF Reservation grants rights both Day-Ahead and real-time, or only in real-time. The characteristics of MTF Reservations and Default Release MTF Reservations are explained in this Section 41.18, and in Section 41.3 of Attachment II to the ISO's OATT.

41.18.10. Liability

The MTF Provider and any MTF Reservation holder releasing its MTF Reservation through the voluntary or default release procedures of these rules shall be held harmless with regard to any claim which may be raised by any party regarding the award of MTF Reservations, except to the extent that such party successfully establishes that the MTF Provider or the Rights Holder, as the case may be, has incorrectly selected the bidder as the result of gross negligence or willful

misconduct.

41.18.11. Billing

A party acquiring or holding a MTF Reservation or a Default Release MTF Reservation through a release shall be billed by the MTF Provider and shall make payments to the MTF Provider in accordance with the terms of the MTF Reservation Service Agreement. If the party acquiring MTF Reservations through releases fails to pay the reservation charges by the due date, the MTF Reservation shall revert to the releasing party for the remaining term of the release.

OATT Attachment II, Section 41.19
**Form of Blanket MTF Reservation Service Agreement for the Champlain-
Hudson Power Express Merchant Transmission Facility**

- 1.0** This Form of Blanket MTF Reservation Service Agreement (“MTF Reservation Service Agreement”), dated as of _____, is entered into, by and between CHPE LLC (“MTF Provider”) and _____ (“Transmission Customer”). It is a “Service Agreement” for purposes of the Federal Energy Regulatory Commission’s Filing Regulations (18 CFR Part 35).
- 2.0** The Transmission Customer has been determined by MTF Provider to have a complete and valid application to acquire MTF Reservations, which may also include the acquisition of Default Release MTF Reservation, consistent with the New York Independent System Operator, Inc. (“ISO”) Open Access Transmission Tariff (“OATT”) and the MTF Provider Business Practices.
- 3.0** If required, the Transmission Customer has provided to MTF Provider an application deposit in accordance with the provisions of the OATT and the MTF Provider Business Practices.
- 4.0** A MTF Reservation under this Service Agreement shall commence on (1) the date that the MTF provider accepts or posts on its OASIS, or (2) such other date as it is permitted to become effective by the Commission. A MTF Reservation under this Service Agreement shall terminate on such date as is mutually agreed upon by the parties.
- 5.0** The MTF Provider agrees to provide, and the Transmission Customer agrees to take and pay for, a MTF Reservation in accordance with the provisions of Attachment II to the OATT (or its successor tariff), the MTF Provider Business Practices, the OATT Section 41.18 Procedures for the Reassignment of MTF Reservations and this

MTF Reservation Service Agreement.

6.0 The MTF Provider has informed the Transmission Customer, in writing, of either
(a) the total amount of MTF Reservation(s) it is eligible to acquire in terms of both
the maximum MW the Transmission Customer is eligible to reserve in any hour and
the total MWh of reservations the Transmission Customer is allowed, or (b) the
maximum dollar value of MTF Reservations that it can procure.

7.0 Any notice or request made to or by either party regarding this MTF Reservation
Service Agreement shall be made to the representative of the other party as indicated
below, and shall be copied to the ISO at the address below. Notices may be provided
electronically to the e-mail addresses listed below.

CHPE LLC

Attn: General Counsel
623 Fifth Avenue, 20th Floor
New York, NY 10022
jeremiah.sheehan@transmissiondevelopers.com

With a copy to:

CHPE LLC
Attn: Chris Benson, Vice President, HVDC
623 Fifth Avenue, 20th Floor
New York, NY 10022
Chris.Benson@tdi-usa.com

Transmission Customer:

Company Name _____

Representative _____

Street Address _____

City, State, Zip Code _____

E-mail Address(es) _____ (one or two)

System Operator:

New York Independent System Operator, Inc.

Attn: Regulatory Affairs Department

Attn: Member Relations Department

10 Krey Boulevard

Rensselaer, New York 12144

regulatory_affairs@nyiso.com;

customer_registration@nyiso.com

8.0 The NYISO's Market Services Tariff and its OATT, including the attachments thereto that expressly address the MTF, are incorporated into this MTF Reservation Service Agreement and made a part hereof, except that all financial assurance requirements, billing arrangements, payment obligations and liabilities associated with MTF Reservations shall be solely the responsibility of the MTF Provider and the Transmission Customer under this MTF Reservation Service Agreement.

IN WITNESS WHEREOF, the Parties have caused this MTF Reservation Service Agreement to be executed by their respective authorized officials.

CHPE LLC:

By: _____
Name Title Date

Transmission Customer:

By: _____
Name Title Date

OATT Attachment II, Section 41.20
Specifications For MTF Reservation Obtained via the MTF
Provider OASIS and Related External Transaction
Schedules

Obtaining a MTF Reservation is a prerequisite to scheduling an External Transaction on the MTF in the ISO's Day-Ahead or Real-Time Energy Market. A Transmission Customer holding a MTF Reservation and otherwise meeting the qualifications for submitting transactions under the New York Independent System Operator, Inc.'s ("ISO's") Tariffs may submit Bids to schedule Import transactions on the MTF up to the total MW amount of the MTF Reservation.

1.0 Term of Reservation: As specified in the Transmission Customer's MTF Reservation
timely posted on the MTF Provider OASIS

Start Date: As specified in the Transmission Customer's MTF Reservation
timely posted on the MTF Provider OASIS

Termination Date: As specified in the Transmission Customer's MTF Reservation
timely posted on the MTF Provider OASIS

2.0 Description of capacity and Energy to be transmitted by Participants including the
electric Control Area in which the transaction originates: As specified in the
Transmission Customer's MTF Reservation timely posted on the MTF Provider OASIS.

3.0 Point of Delivery: The Astoria Annex 345 kV GIS Substation in Queens, New York
within Zone J

Delivering party: The Transmission Customer

4.0 Point of Receipt: Location at the U.S. - Canada border where the MTF line changes
from transmission facilities owned and operated by
Hydro-Québec's transmission function ("HQT") to transmission
facilities owned and operated by the MTF Provider, subject to the
ISO's operational control.

Receiving party: The Transmission Customer

5.0 Maximum amount of capacity and Energy to be transmitted (Reserved Capacity): As specified in the Transmission Customer's MTF Reservation posted on the MTF Provider OASIS

6.0 Designation of party(ies) or other entity(ies) subject to reciprocal transmission service obligation: Not applicable

7.0 Name(s) of any intervening systems providing transmission service: HQT or the ISO, pursuant to their respective tariffs

8.0 MTF Service under this Service Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of this Tariff.)

8.1 MTF Transmission Charge: As specified in the Transmission Customer's MTF Reservation timely posted on the MTF Provider OASIS

8.2 System Impact Study and/or Facilities Study Charge(s): Not applicable

8.3 Direct assignment expansion charge: Not applicable

OATT ATTACHMENT II,
Section 41.21
Method of Calculating TTC, CBM, TRM and ATC for
the Champlain-Hudson Power Express Merchant
Transmission Facility Version 1.0

41.21.1. Introduction

The MTF is a HVDC Transmission Facility that connects the NYCA to the Balancing Authority Area operated by HQTE. The MTF is owned and operated by CHPE LLC (“MTF Provider”).

The ISO has Operational Control of the MTF and performs the reliability functions related to the calculation of Total Transfer Capability (“TTC”) for all of the external interfaces between the NYCA and its neighboring Balancing Authority Areas and for the NYCA’s internal interfaces.

Both the ISO and the MTF Provider are responsible for determining and posting the Available Transfer Capability (“ATC”) of the MTF, with distinctions in methodology and purpose described below.

41.21.2. Scope of Document

This document addresses the following items with respect to the MTF between the NYCA and the HQT Balancing Authority Area:

- Total Transfer Capability (TTC) methodology
- Capacity Benefit Margin (CBM) methodology
- Transmission Reliability Margin (TRM) methodology
- Available Transfer Capability (ATC) methodology

41.21.3. Overview

The MTF is a unidirectional transmission facility that accommodates transfers from Quebec to New York. MTF Reservations for the entire 1250 MW transfer capability of the MTF were awarded to H.Q. Energy Services (U.S.) Inc. (“HQUS”) through an allocation process approved by the Federal Energy Regulatory Commission (“FERC”). HQUS can voluntarily transfer the rights to some or all of its MTF Reservations to other eligible Transmission Customers on a short-term or long-term basis in accordance with this OATT. To the extent that MTF Reservation holders do not (1) submit Day-Ahead Bids in the ISO’s Markets equal to their allocation of rights (in MW), or (2) voluntarily release their allocation of rights by 12:00 noon the day before the operating day, or (3) submit HAM bids in the ISO’s Markets equal to their allocation of rights (in MW) by 12:00 noon the day before the operating day, or some combination of the three specified actions, Default Release MTF Reservations will be made available for acquisition in the ISO’s Real-Time Market on the MTF Provider OASIS on an hourly basis for the remaining ATC through Default Release MTF Reservations. MTF ATC is addressed in section 5 below.

41.21.4. MTF Total Transfer Capability (“TTC”)

The Total Transfer Capability or TTC for an interface is the best engineering estimate of the total amount of electric power that can be transferred over the interface in a reliable manner in a given time frame. The ISO, acting as the Transmission Operator (“TOP”), determines the TTC for the MTF consistent with Section 9.5 of its OATT. The ISO posts the TTC for the MTF and other external interfaces in the *Available Transfer Capability Implementation Document* that is publicly available on the ISO’s web site. The posted TTC represents the amount of Energy that can be delivered at the MTF’s Point of Delivery in New York City. The MTF Provider shall post on its OASIS the most up-to-date TTC information that it is able to obtain from the ISO’s

OASIS for informational purposes.

41.21.5. MTF Capacity Benefit Margin (“CBM”)

As explained in Section 9.7 of its OATT, the ISO does not set transmission capability aside as CBM.

41.21.6. MTF Transmission Reliability Margin (“TRM”)

The Transmission Reliability Margin or TRM is the amount of transmission transfer capability set aside to provide reasonable assurance that the interconnected transmission network will be secure. TRM accounts for the inherent uncertainty in system conditions and the need for operating flexibility to ensure reliable system operation as the system conditions change.

The ISO, acting as a Transmission Operator, calculates the TRM on the MTF interface consistent with Section 9.6 of its OATT. Typically the operational uncertainties associated with an external HVDC facility are minimal and result in a TRM value of zero (0). For additional information on TRM, please refer to the NYISO’s publicly posted *Transmission Reliability Margin Implementation Document*.

41.21.7. MTF Methodology for Computing Available Transfer Capability (“ATC”)

The ISO will calculate and post MTF ATC in accordance with Section 9 of its OATT. The MTF Provider will also calculate and post MTF ATC. The ISO will use the ATC it calculates to determine the quantity, in MW, of transmission service (Imports) it can schedule. The MTF Provider will use the ATC it calculates to determine available MTF Reservations, including but not limited to Default Release MTF Reservations. MTF Reservations that are posted on the MTF Provider OASIS are, ordinarily, a prerequisite to receiving a transmission service (Imports) schedule on the MTF from the ISO.

All transmission service in the NYCA, including service on the MTF, is firm service.

The MTF Provider does not need to calculate Non-Firm ATC because, consistent with OATT

Sections 6.8 and 9.2, Non-Firm Point-to-Point Transmission Service is not available in the markets that the ISO administers.

This section defines the Firm ATC calculations the MTF Provider performs for the MTF. The general equation for calculation of ATC is derived from MOD-029 as follows:

Long-term calculation (applies to Day-Ahead Market and any period that is further into the future than the Day-Ahead Market):

$$\text{ATC} = \text{Max} ((\text{TTC} - \text{MTF Reservations} - \text{ETC} - \text{CBM} - \text{TRM} + \text{Postbacks} + \text{Counterflows}, 0)$$

For the Real-Time Market day:

$$\text{ATC} = \text{Max} ((\text{TTC} - \text{Day-Ahead Bids from MTF Reservation holders} - \text{Real-Time Bids from MTF Reservation holders submitted before the 12:00 noon deadline} - \text{Acquired Voluntary and Default Release MTF Reservations} - \text{ETC} - \text{CBM} - \text{TRM} + \text{Postbacks} + \text{Counterflows}), 0)$$

ETC is zero because it is effectively addressed by the MTF Reservations and Day-Ahead and real-time Bids that are accounted for in the ATC formula.

CBM is not relied on in New York (see Section 3 above).

TRM is the ISO's CRM value and is appropriately set to zero (0) for the MTF; it is currently zero for all of the NYCA's external interfaces, UDRs, and Scheduled Lines.

Postbacks are set to zero (0), because the ISO's financial transmission system does not provide for "redirects: of physical transmission reservations in the manner contemplated by the Commission's *pro forma* Open Access Transmission Tariff. It therefore does not support "postbacks" of such

“redirects.” The ISO has previously obtained waivers of the NAESB standards governing redirects and postbacks. The ISO, therefore, does not incorporate postbacks of redirected service into its ATC calculations and it would be inappropriate for the MTF Provider to do so for the MTF. Counterflows is excluded because the MTF is a unidirectional, controllable transmission facility.

Frequency of Calculation and Posting of ATC values:

The MTF Provider shall be required to calculate and post ATC values on its OASIS with at a minimum the following frequency:

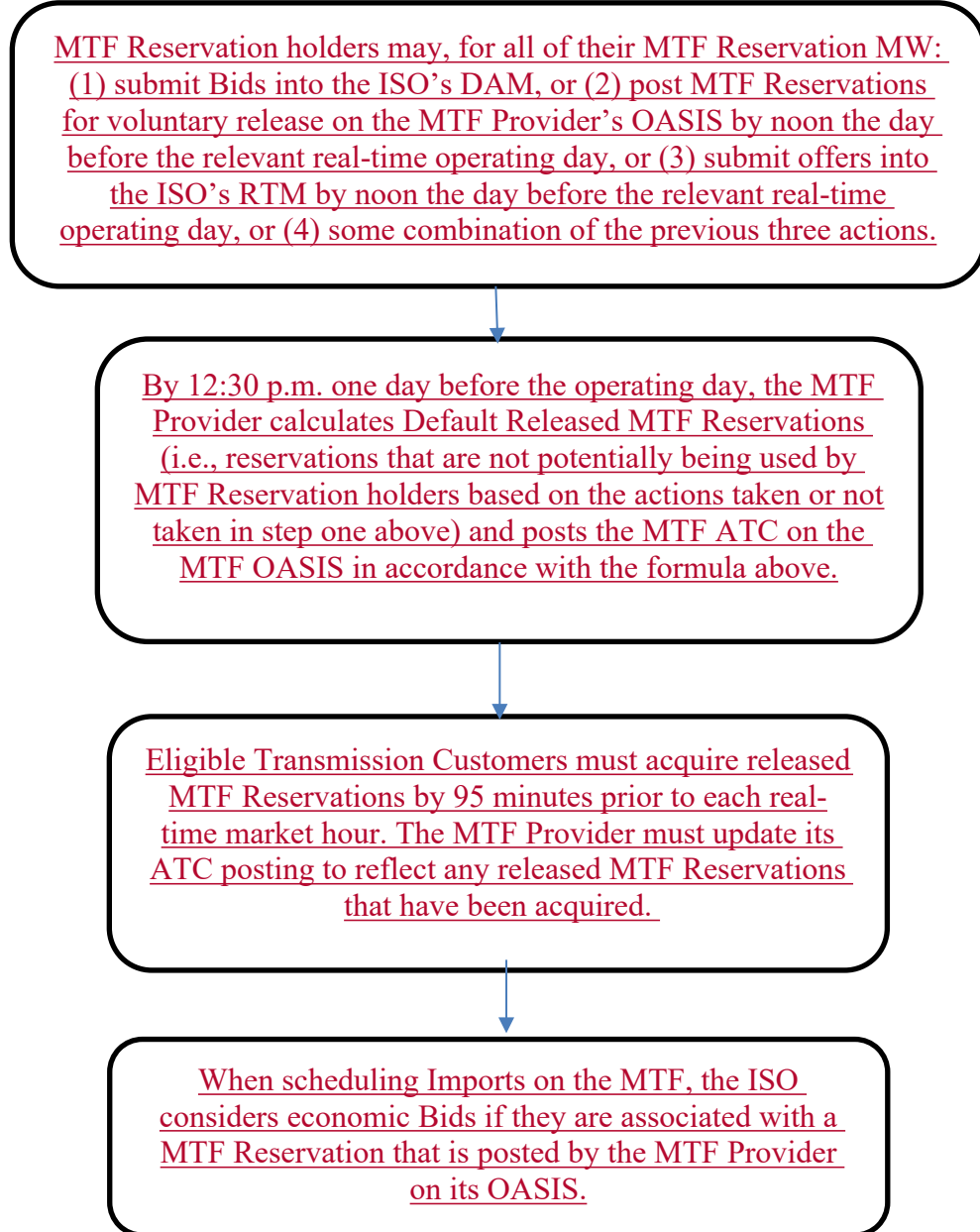
- (a) Hourly ATC values for at least the next forty-eight (48) hours;
- (b) Daily ATC values for at least the next thirty-one (31) calendar days; and
- (c) Monthly ATC values for at least the next 12 months (*i.e.*, for months 2-13)

The MTF Provider shall recalculate ATC, at minimum, on the following frequency unless one or more of the calculated values identified in the ATC equation has changed:

- (a) For hourly values, as needed, at least once per hour (subject to the exception in MOD-001-1a which allows transmission service providers up to 175 hours per year during which calculations are not required);
- (b) For daily values, at least once per day; and
- (c) For monthly values, at least once per week

The MTF Provider is expected to post new values it calculates, including changes to reflect a real-time derate or uprate of the MTF’s ATC as soon as possible.

41.21.8. MTF ATC Calculation Process Flow:



For additional information about the ISO's calculation of ATC, please see Section 9.3 of the ISO OATT.

OATT ATTACHMENT II, SECTION 41.22

MTF Creditworthiness Procedures

41.22.1. Overview

The creditworthiness of each Transmission Customer seeking to acquire MTF Reservations must be established by the MTF Provider. The MTF Provider shall perform its credit review in accordance with procedures based on specific quantitative and qualitative criteria to determine the level of secured and unsecured credit required from each Transmission Customer. A summary of the MTF Provider's Creditworthiness Requirements are described in this Section 41.22. Detailed information regarding the MTF Provider's creditworthiness requirements is available in the MTF Provider Business Practices posted on the MTF Transmission Provider OASIS.

41.22.2. Financial Information

Transmission Customers requesting MTF Service will be required to provide credit rating and financial information as part of the Credit Application for MTF Service. Required information may include: (a) all current credit rating reports from commercially accepted credit rating agencies including Standard and Poor's Inc. ("S&P"), Moody's Investors Service ("Moody's"), and Fitch Ratings ("Fitch"); (b) financial statements audited by a registered independent auditor; and (c) references from banks and utilities/vendors.

41.22.3. Creditworthiness Requirements and Process

Transmission Customers, rated and un-rated, will be required to meet the creditworthiness requirements specified in this Section 41.22 and the MTF Provider Business Practices. Credit rating and financial information provided by Transmission Customers that would be used to establish creditworthiness may include, but is not limited to, investment grade ratings for senior unsecured long-term debt and ratio analyses of audited financial statements. If the Customer does not meet the MTF Provider's creditworthiness requirements, the MTF Provider (at its discretion) may establish a credit limit for that Customer equal to the financial assurance (i.e., the security deposit) required from all Transmission Customers, as specified in this Section 41.22 and the MTF Provider Business Practices.

The MTF Provider may consider the following criteria in reviewing the creditworthiness of Transmission Customers:

1. The Transmission Customer must meet and maintain the credit and financial assurance requirements applicable to market participants as established by the ISO; and
2. The Transmission Customer must not be in default of any amounts owed to the MTF Provider.

If the Transmission Customer does not qualify using the above requirements, the MTF Provider may consider other qualitative factors on a case-by-case basis. The specific factors will depend upon the MTF Provider Business Practices, and may include billing history and the Transmission Customer's anticipated use of the MTF.

41.22.3.1. Procedure for Determining Creditworthiness

The MTF Service Credit Application shall be posted on the MTF Provider's OASIS and is available for download. The Credit Application may be submitted along with the MTF Reservation Application. Because the amount of time required to complete the credit review varies widely, it is recommended that credit applications be submitted at least ten (10) business days before the Transmission Customer takes service for the first time. As part of the credit review process, the MTF Provider will assign a credit limit to each Transmission Customer. For a customer that holds a below investment grade rating from either S&P, Moody's or Fitch, or is not rated by any of those three rating agencies, the assigned credit limit may be the amount of the security deposit posted by such customer. For a customer that is rated by one or more of S&P, Moody's or Fitch and holds an investment grade rating from each agency that rates that customer, the credit limit will be established using standard commercial practices on a case-by-case basis based on an estimate of the customer's anticipated use of the MTF.

41.22.4. Financial Assurance

Transmission Customers seeking to acquire MTF Reservations may be required to submit a security deposit to the MTF Provider. For customers executing a blanket MTF Reservation Service Agreement, the minimum security deposit shall be specified in the MTF Provider Business Practices, provided, however, that customers may choose to provide a higher security deposit. For customers executing a non-conforming MTF Reservation Service Agreement, the security deposit requirement shall be determined on a case-by-case basis, with the maximum security deposit that may be charged equal to the cost of the MTF Reservations being acquired for the duration of the specific transaction. Security deposits will be held in separate accounts. Account statements will be provided to the customer on an annual basis upon request.

41.22.5. Credit Levels

Transmission Customers meeting the above creditworthiness requirements will be extended credit based on levels specified in the MTF Provider Business Practices. Transmission Customers that do not meet the MTF Provider's creditworthiness requirements will not receive unsecured credit from the MTF Provider. The MTF Provider will monitor the credit status of all approved customers and may modify credit limits (higher or lower) for such customer to the extent that company circumstances or service changes occur. In the event that a customer is downgraded such that it holds a below investment grade rating from S&P, Moody's or Fitch, or is not rated by any of the three agencies, the customer's credit limit may be immediately reduced to the amount of security deposit posted by that customer.

41.22.6. Contesting Creditworthiness Determination

Should the MTF Provider reject a credit application, the MTF Provider will provide the customer the reasons for the rejection and an opportunity to revise and resubmit the credit application to address the identified deficiencies. Transmission Customers may also contest the MTF Provider's determination of creditworthiness by submitting a written request for re-evaluation. Such request should provide information supporting the basis for a request to re-evaluate a Transmission Customer's creditworthiness. The MTF Provider will review and respond to the request under the procedures outlined in this Section 41.22 and the MTF Provider Business Practices.

41.22.7. Procedures for Changes in Credit Levels and Collateral Requirements

The MTF Provider will immediately notify customers of any modifications to credit limits or required security deposits. Upon request, the MTF Provider will provide customers a written explanation for any change in credit limits or required security deposits, including an opportunity to cure any credit deficiencies within a specified time period.

41.22.8. Posting Collateral Requirements

In the event that the MTF Providers revises the level of collateral required (e.g., security deposit) as a result of changes to the Transmission Customer's financial information, the MTF Provider's criteria, or other events that result in the Transmission Customer being determined to be non-creditworthy, the Transmission Customer shall have the opportunity to cure such deficiency consistent with the procedures in this Attachment II, Section 41.22 and the MTF Provider Business Practices, as posted on the MTF Transmission Provider OASIS.

41.22.9. Additional Requirements

Along with the above criteria for determining creditworthiness, the MTF Provider may require the Transmission Customer to fulfill additional conditions, consistent with the MTF Provider Business Practices posted on the MTF Transmission Provider OASIS.