

## Attachment I

## 1.1 Definitions - A

**Accepted Revision:** A change to the terms of an Existing Transmission Agreement for purposes of ISO Settlements, which change is related to a Grandfathered Right or Grandfathered TCC and is made pursuant to the procedures prescribed in Section 17 Attachment K of the ISO OATT.

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

**Actual Energy Withdrawals:** Energy withdrawals which are either: (1) measured with a revenue-quality real-time meter; (2) assessed (in the case of LSEs serving retail customers where withdrawals are not measured by revenue-quality real-time meters) on the basis provided for in a Transmission Owner's retail access program; or (3) calculated (in the case of wholesale customers where withdrawals are not measured by revenue-quality real-time meters), until such time as revenue-quality real-time metering is available on a basis agreed upon by the unmetered wholesale customers. For purposes of the allocation of the ISO annual budgeted costs and the annual FERC fee pursuant to Rate Schedule 1 of this ISO OATT, withdrawals shall also include the absolute value of negative withdrawals by Load for behind the meter generation.

**Advance Reservation:** (1) A reservation of transmission service over the Cross-Sound Scheduled Line that is obtained in accordance with the applicable terms of Schedule 18 and the Schedule 18 Implementation Rule of the ISO New England Inc. Transmission, Markets and Services Tariff, or in accordance with any successors thereto; or (2) A right to schedule transmission service over the Neptune Scheduled Line that is obtained in accordance with the rules and procedures established pursuant to Section 38 of the PJM Interconnection, L.L.C. Open Access Transmission Tariff and set forth in a separate service schedule under the PJM Interconnection, L.L.C. Open Access Transmission Tariff; or (3) A right to schedule transmission service over the Linden VFT Scheduled Line that is obtained in accordance with the rules and procedures established pursuant to Section 38 of the PJM Interconnection, L.L.C. Open Access Transmission Tariff and set forth in a separate service schedule under the PJM Interconnection, L.L.C. Open Access Transmission Tariff; or (4) A right to schedule transmission service over the HTP Scheduled Line that is obtained in accordance with the rules and procedures established pursuant to Section 38 of the PJM Interconnection, L.L.C. Open Access Transmission Tariff and set forth in a separate service schedule under the PJM Interconnection, L.L.C. Open Access Transmission Tariff.

**Affiliate:** With respect to a person or entity, any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust or unincorporated organization, directly or indirectly controlling, controlled by, or under common control with, such person or entity. The term "control" shall mean the possession, directly or indirectly, of the power to direct the management or policies of a person or an entity. A voting interest of ten percent or more shall create a rebuttable presumption of control.

**Ancillary Services:** Those services that are necessary to support the transmission of Capacity and Energy from resources to Loads while maintaining reliable operation of the NYS Transmission System in accordance with Good Utility Practice.

**Annual Transmission Costs:** The total annual cost of the Transmission System for purposes of Network Integration and Point-to-Point Transmission Services shall be the amount specified in Attachment H until amended by the Transmission Owners or modified by the Commission.

**Annual Transmission Revenue Requirement:** The total annual cost for each Transmission Owner (other than LIPA) to provide transmission service subject to review and acceptance by FERC or other authority.

**Application:** A request to receive Transmission Service by an Eligible Customer pursuant to the provisions of this Tariff that includes all information reasonably requested by the ISO.

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

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

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

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

**Available Transfer Capability (“ATC”):** A measure of the Transfer Capability remaining in the physical transmission network for further commercial activity, over and above already committed uses, calculated using the methodology described in Attachment C in the OATT.

## 1.2 Definitions - B

**Back-Up Operation:** The procedures for operating the NYCA in a safe and reliable manner when the ISO's normal communication or computer systems are not fully functional as set forth in Section 2.12 of this ISO OATT and Section 5.3 of the ISO Services Tariff.

**Base Point Signals:** Electronic signals sent from the ISO and ultimately received by Generators specifying the scheduled MW output for the Generator. Real-Time Dispatch ("RTD") Base Point Signals are typically sent to Generators on a nominal five (5) minute basis. AGC Base Point Signals are typically sent to Generators on a nominal six (6) second basis.

**Basis Amount:** As defined in the ISO Services Tariff.

**Basis Month:** As defined in the ISO Services Tariff.

**Bid/Post System:** An electronic information system used to allow the posting of proposed transmission schedules and Bids for Energy and Ancillary Services by Market Participants for use by the ISO and to allow the ISO to post Locational Based Marginal Prices and schedules.

**Bid:** Offer to sell or bid to purchase Energy, Demand Reductions or Transmission Congestion Contracts and an offer to sell Ancillary Services at a specified price that is duly submitted to the ISO pursuant to ISO Procedures. Bid shall mean mitigated Bid where appropriate.

**Bid Price:** The price at which the Customer offering the Bid is willing to provide the product or service, or is willing to pay to receive such product or service, as applicable. In the case of a CTS Interface Bid, the Bid Price is a dollar value that indicates the bidder's willingness to purchase Energy at a CTS Source and sell it at a CTS Sink across a CTS Enabled Interface if, at the time of scheduling, the forecasted CTS Sink Price minus the forecasted CTS Source Price is greater than, or equal to, the dollar value specified in the bid.

**Bid Production Cost:** Total cost of the Generators required to meet Load and reliability Constraints based upon Bids corresponding to the usual measures of Generator production cost (e.g., running and Minimum Generation Bid, and Start-Up Bid).

**Bidding Requirement:** As defined in the ISO Services Tariff.

**Bilateral Transaction:** A Transaction between two or more parties for the purchase and/or sale of Capacity or Energy other than those in the ISO Administered Markets. A request to schedule a Bilateral Transaction in the Energy Market shall be considered a request to schedule Point-to-Point Transmission Service.

**Billing Period:** The period of time designated in Sections 2.7.3.2.1, or 2.7.3.2.2 of this ISO OATT over which the ISO will aggregate and settle a charge or a payment for services furnished under this ISO OATT or the ISO Services Tariff.

**Board of Directors (“Board”):** The governing body of the ISO which is comprised of ten (10) persons (Directors) that are unaffiliated with any Market Participants, as described in the ISO Agreement.

**Business Issues Committee:** A standing committee of the ISO created pursuant to the ISO Agreement to establish rules related to business issues and provide a forum for discussion of those rules and issues.

## 1.9 Definitions - I

**ICAP Ineligible Forced Outage:** As defined in the ISO Services Tariff.

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

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

**Imputed Revenue:** The Congestion Rents that owners of Grandfathered Rights do not have to pay due to their own use of those Grandfathered Rights.

**Inactive Reserves:** As defined in the ISO Services Tariff.

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

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

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

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

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

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

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

**Injection Billing Units:** A Transmission Customer’s Actual Energy Injections (for all internal injections) or Scheduled Energy Injections (for all Import Energy injections) in the New York Control Area, including injections for Wheels Through. For purposes of Rate Schedule 1 and Rate Schedule 11 of this ISO OATT, (i) a Limited Energy Storage Resource shall be responsible for charges or eligible for payments on the basis only of its Actual Energy Injections and (ii) a Day-Ahead Demand Reduction Provider’s Demand Reduction shall be included as Injection

**Billing Units.** For purposes of recovering the ISO annual budgeted costs and the annual FERC fee pursuant to Rate Schedule 1 of this ISO OATT, Injection Billing Units shall include the absolute value of negative injections by pump storage facilities.

**Installed Capacity:** A Generator or Load facility that complies with the requirements in the Reliability Rules and is capable of supplying and/or reducing the demand for Energy in the NYCA for the purpose of ensuring that sufficient Energy and Capacity are available to meet the Reliability Rules. The Installed Capacity requirement, established by the NYSRC, includes a margin of reserve in accordance with the Reliability Rules.

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

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

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

**Intermittent Power Resource:** A device for the production of electricity that is characterized by an energy source that: (1) is renewable; (2) cannot be stored by the facility owner or operator; and (3) has variability that is beyond the control of the facility owner or operator. In New York, resources that depend upon wind, or solar energy or landfill gas for their fuel have been classified as Intermittent Power Resources. Each Intermittent Power Resource that depends on wind as its fuel shall include all turbines metered at a single scheduling point identifier (PTID).

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

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

**Investment Grade Customer:** As defined in the ISO Services Tariff.

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

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

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

Self-Committed Fixed Generator in the Real-Time Market unless it changes bidding mode, with ISO approval, to participate as an ISO-Committed Fixed Generator.

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

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

**ISO OATT (the “Tariff”):** The ISO Open Access Transmission Tariff.

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

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

**NYISO Services Tariff:** The ISO Market Administration and Control Area Services Tariff.

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



## **6.1 Schedule 1 - ISO Annual Budget Charge and Other Non-Budget Charges and Payments**

### **6.1.1 Introduction**

The ISO shall bill each Transmission Customer each Billing Period to recover the ISO's annual budgeted costs as set forth in Section 6.1.2 of this Rate Schedule 1.

The ISO shall separately bill each Transmission Customer under this Rate Schedule 1 for certain other charges and payments not related to the ISO annual budget charge. Specifically, the ISO shall bill each Transmission Customer on a quarterly basis to recover NERC and NPCC charges and on a Billing Period basis to recover FERC charges as set forth in Sections 6.1.3 and 6.1.15 respectively of this Rate Schedule 1. The ISO shall also bill each Transmission Customer each Billing Period to recover the following costs or allocate the following received payments under this Rate Schedule 1:

- (i) bad debt loss charges as set forth in Section 6.1.4;
- (ii) Working Capital Fund charges as set forth in Section 6.1.5;
- (iii) non-ISO facilities payment charges as set forth in Section 6.1.6;
- (iv) charges to recover costs for payments made to Suppliers pursuant to incremental cost recovery for units that responded to Local Reliability Rules I-R3 and I-R5 as set forth in Section 6.1.7;
- (v) charges to recover and payments to allocate residual costs as set forth in Section 6.1.8;
- (vi) charges for Special Case Resources and Curtailment Service Providers called to meet reliability needs as set forth in Section 6.1.9;
- (vii) charges to recover DAMAP costs as set forth in Section 6.1.10;

- (viii) charges to recover Import Curtailment Guarantee Payment costs as set forth in Section 6.1.11;
- (ix) charges to recover Bid Production Cost guarantee payment costs as set forth in Section 6.1.12;
- (x) charges to recover and payments to allocate settlements of disputes as set forth in Section 6.1.13; and
- (xi) payments to allocate financial penalties collected by the ISO as set forth in Section 6.1.14.

Transmission Customers who are retail access customers being served by an LSE shall not pay these charges to the ISO; the LSE shall pay these charges.

#### **6.1.2 ISO Annual Budget Charge**

The ISO shall charge, and each Transmission Customer shall pay, a charge for the ISO's recovery of its annual budgeted costs. The ISO annual budgeted costs that are recoverable through this Rate Schedule 1 are set forth in Section 6.1.2.1 of this Rate Schedule 1. The ISO shall calculate the charge for the recovery of these ISO annual budgeted costs from each Transmission Customer on the basis of its participation in physical market activity as indicated in Section 6.1.2.2 of this Rate Schedule 1. The ISO shall calculate this charge for each Transmission Customer on the basis of its participation in non-physical market activity, the Special Case Resource program, and the Emergency Demand Response program as indicated in Section 6.1.2.4 of this Rate Schedule 1. The ISO shall use the revenue collected through Section 6.1.2.4 of this Rate Schedule 1 to recover any of its annual budgeted costs for the immediately preceding calendar year that it has not already recovered under Section 6.1.2.2 of this Rate Schedule for that year. The ISO shall credit any additional revenue collected through Section

6.1.2.4 of this Rate Schedule 1 for the remainder of the calendar year to each Transmission Customer on the basis of its physical market activity as indicated in Section 6.1.2.5 of this Rate Schedule 1.

#### **6.1.2.1 ISO Annual Budgeted Costs**

The ISO annual budgeted costs to be recovered through Section 6.1.2 of this Rate Schedule 1 include, but are not limited to, the following costs associated with the operation of the NYS Transmission System by the ISO and the administration of the ISO Tariffs and ISO Related Agreements by the ISO:

- Processing and implementing requests for Transmission Service including support of the ISO OASIS node;
- Coordination of Transmission System operation and implementation of necessary control actions by the ISO and support for these functions;
- Performing centralized security constrained dispatch to optimally re-dispatch the NYS Power System to mitigate transmission Interface overloads and provide balancing services;
- Costs related to the ISO's administration and operation of the LBMP market and all other markets administered by the ISO;
- Costs related to the ISO's administration of Control Area Services;
- Costs related to the ISO's administration of the ISO's Market Power Mitigation Measures and the ISO's Market Monitoring Plan;
- Costs related to the maintenance of reliability in the NYCA;
- Costs related to the provision of Transmission Service;
- Preparation of settlement statements;
- NYS Transmission System studies, when the costs of the studies are not recoverable from a Transmission Customer;
- Engineering services and operations planning;
- Data and voice communications network service coordination;
- Metering maintenance and calibration scheduling;
- Record keeping and auditing;
- Training of ISO personnel;

- Development and maintenance of information, communication and control systems;
- Professional services;
- Carrying costs on ISO assets, capital requirements and debts;
- Tax expenses, if any;
- Administrative and general expenses;
- Insurance premiums and deductibles related to ISO operations;
- Any indemnification of or by the ISO pursuant to Section 2.11.2 of this ISO OATT or Section 12.4 of the Services Tariff;
- Regulatory fees; and
- The ISO's share of the expenses of Northeast Power Coordinating Council, Inc. or its successor.

#### **6.1.2.2 Calculation of the ISO Annual Budget Charge for Transmission Customers Participating in Physical Market Activity**

The ISO shall charge, and each Transmission Customer that participates in physical market activity shall pay, an ISO annual budget charge each Billing Period as calculated according to the following formula.

$$\begin{aligned}
 & \text{ISO Annual Budget Charge}_{c,P} \\
 &= \left( \text{InjectionUnits}_{c,P} * \left( 0.28 * \frac{\text{ISOCosts}_{\text{Annual}}}{\text{TotalEstWithdrawalUnits}_{\text{Annual}}} \right) \right) \\
 &+ \left( \text{WithdrawalUnits}_{c,P} * \left( 0.72 * \frac{\text{ISOCosts}_{\text{Annual}}}{\text{TotalEstWithdrawalUnits}_{\text{Annual}}} \right) \right)
 \end{aligned}$$

Where:

$c$  = Transmission Customer.

$P$  = The relevant Billing Period.

$\text{ISO Annual Budget Charge}_{c,P}$  = The amount, in \$, of the ISO annual budgeted costs for which Transmission Customer  $c$  is responsible for Billing Period  $P$ .

$\text{ISOCosts}_{\text{Annual}}$  = The sum, in \$, of the ISO's annual budgeted costs for the current calendar year.

*InjectionUnits<sub>c,P</sub>* = The Injection Billing Units, in MWh, for Transmission Customer *c* in Billing Period *P*, except for Scheduled Energy Injections resulting from CTS Interface Bids at a CTS Enabled Interface with ISO New England.

*WithdrawalUnits<sub>c,P</sub>* = The Withdrawal Billing Units, in MWh, for Transmission Customer *c* in Billing Period *P*, except for Scheduled Energy Withdrawals resulting from CTS Interface Bids at a CTS Enabled Interface with ISO New England.

*TotalEstWithdrawalUnits<sub>Annual</sub>* = The sum, in MWh, of estimated Withdrawal Billing Units for all Transmission Customers in the current calendar year as determined by the ISO in the summer prior to the current calendar year, except for Scheduled Energy Withdrawals resulting from CTS Interface Bids at a CTS Enabled Interface with ISO New England.

### **6.1.2.3 Review and Modification of the ISO Annual Budget Charge Allocation Methodology**

The current 72%/28% cost allocation methodology between Withdrawal Billing Units and Injection Billing Units for the ISO annual budget charge shall remain unchanged through at least December 31, 2016 and shall continue to remain unchanged until such point in time that a study is conducted and the results of the study warrant changing the 72%/28% cost allocation. The following provisions prescribe the process and timeline for the review and, if warranted by the results of a future study, modification of the 72%/28% cost allocation on a going forward basis:

- (i) A vote of the Management Committee will be taken in the third calendar quarter of 2015 on whether a new study should be conducted during late-2015 and 2016 to allow modification of the 72%/28% cost allocation, if warranted by the results of the study, to be implemented by January 1, 2017. A positive vote by 58% of the Management Committee will be required to go forward with the study, but there will no longer be a “material change” standard as was historically applied to the determination of whether a study should be conducted.

- (ii) If the Management Committee vote discussed in (i) above determines that a study should not be conducted, the 72%/28% cost allocation between Withdrawal Billing Units and Injection Billing Units shall be extended through at least December 31, 2017. In the third calendar quarter of 2016, a vote will be taken on whether a new study should be conducted during late-2016 and 2017 to allow modification of the percentage allocation, if warranted by the results of the study, to be implemented by January 1, 2018. Unless a 58% vote of the Management Committee is registered in favor of declining to go forward with the study, the study will be conducted.
- (iii) If the Management Committee vote in the third calendar quarter of 2016 discussed in (ii) above determines that a study should not be conducted, the current 72%/28% cost allocation shall remain unchanged until such point in time as the Management Committee determines that a study shall be conducted and the results of that study warrant changing the percentage allocation between Withdrawal Billing Units and Injection Billing Units. If the Management Committee vote in the third calendar quarter of 2016 discussed in (ii) above determines that a study should not be conducted, the Management Committee will revisit the issue of conducting a study annually in the third calendar quarter of each year using the same voting standard (*i.e.* the study shall be performed unless 58% of the Management Committee votes not to commission the study) that was applied to the Management Committee vote in the third calendar quarter of 2016 discussed in (ii) above.
- (iv) If, and when, the Management Committee determines a study shall be conducted:

- (a) Such study shall be completed, and the results thereof shared with Market Participants, before the end of the second calendar quarter of the year prior to the date on which a possible change to the then current allocation may become effective; and
- (b) The ISO will present a draft study scope to Market Participants for consideration and comment before the ISO issues the study scope as part of its Request For Proposal process to retain a consultant to perform the study. A meeting shall be held with Market Participants to discuss the components (*e.g.*, categories of costs considered, allocation of benefits, unbundling, etc.) that should be included in the draft study scope before the draft is issued by the ISO.

**6.1.2.4 Calculation of the ISO Annual Budget Charge for Transmission Customers Participating in Non-Physical Market Activity, the Special Case Resource Program, or the Emergency Demand Response Program**

**6.1.2.4.1 Charge for Transmission Customers Engaging in Virtual Transactions**

The ISO shall charge, and each Transmission Customer that has its virtual bids accepted and thereby engages in Virtual Transactions shall pay, a charge for such activity each Billing Period as calculated according to the following formula.

$$VTCharge_{c,P} = VTRate * VTCleared_{c,P}$$

Where:

$c$  = Transmission Customer.

$P$  = The relevant Billing Period.

$VTCharge_{c,P}$  = The amount, in \$, for which Transmission Customer  $c$  is responsible for Billing Period  $P$ .

$VTRate$  = For calendar year 2012, the applicable rate shall be \$0.0871 per cleared MWh of Virtual Transactions, based on a \$2.6 million projected 2012 annual revenue

requirement. For calendar years following 2012, the applicable rate shall be calculated in accordance with the formula set forth in Section 6.1.2.4.4 of this Rate Schedule 1.

$VT_{Cleared_{c,P}}$  = The total cleared Virtual Transactions, in MWh, for Transmission Customer  $c$  in Billing Period  $P$ .

#### **6.1.2.4.2 Charge for Transmission Customers Purchasing Transmission Congestion Contracts**

The ISO shall charge, and each Transmission Customer that purchases Transmission Congestion Contracts - excluding Transmission Congestion Contracts that are created prior to January 1, 2010 - shall pay, a charge for such activity each Billing Period as calculated according to the following formula.

$$TCC_{Charge_{c,P}} = TCC_{Rate} * TCC_{Settled_{c,P}}$$

Where:

$c$  = Transmission Customer.

$P$  = The relevant Billing Period.

$TCC_{Charge_{c,P}}$  = The amount, in \$, for which Transmission Customer  $c$  is responsible for Billing Period  $P$ .

$TCC_{Rate}$  = For calendar year 2012, the applicable rate shall be \$0.0372 per settled MWh of Transmission Congestion Contracts, based on a \$4.9 million projected 2012 annual revenue requirement. For calendar years following 2012, the applicable rate shall be calculated in accordance with the formula set forth in Section 6.1.2.4.4 of this Rate Schedule 1.

$TCC_{Settled_{c,P}}$  = The total settled Transmission Congestion Contracts, excluding Transmission Congestion Contracts created prior to January 1, 2010, in MWh, for Transmission Customer  $c$  in Billing Period  $P$ .



#### **6.1.2.4.3 Charge for Transmission Customers Participating in the Special Case Resource Program or Emergency Demand Response Program**

The ISO shall charge, and each Transmission Customer that participates in the ISO's Special Case Resources program or its Emergency Demand Response program shall pay, a charge for such activity each Billing Period as calculated according to the following formula.

$$SCR \text{ and } EDR \text{ Charge}_{c,P} = DRInjections_{c,P} * \left( 0.28 * \frac{ISOCosts_{Annual}}{TotalEstWithdrawalUnits_{Annual}} \right)$$

Where:

$c$  = Transmission Customer.

$P$  = The relevant Billing Period.

$SCR \text{ and } EDR \text{ Charge}_{c,P}$  = The amount, in \$, for which Transmission Customer  $c$  is responsible for Billing Period  $P$ .

$DRInjections_{c,P}$  = The total Load reduction, in MWh, measured and compensated during testing or an actual event for Transmission Customer  $c$  in Billing Period  $P$ .

$ISOCosts_{Annual}$  = The sum, in \$, of the ISO's annual budgeted costs in the current calendar year.

$TotalEstWithdrawalUnits_{Annual}$  = The sum, in MWh, of estimated Withdrawal Billing Units for all Transmission Customers in the current calendar year as determined by the ISO in the summer prior to the current calendar year.

#### **6.1.2.4.4 Re-setting of Rate for Virtual Transaction and Transmission Congestion Contracts Related Charges**

For each calendar year after calendar year 2012, the ISO shall use the following formula to calculate (i) the rate for the charge to Transmission Customers engaging in Virtual Transactions as determined in Section 6.1.2.4.1 of this Rate Schedule 1, and (ii) the rate for the charge to Transmission Customers purchasing Transmission Congestion Contracts as determined in Section 6.1.2.4.2 of this Rate Schedule 1.

$$\text{ResetRate} = \frac{\text{AnnRevRequirement} - \text{Over/UnderCollection}}{\text{3YearRollingAvgBillUnits}}$$

Where:

*ResetRate* = For each calendar year after calendar year 2012, this rate will be used for either (i) the *VTRate* in the formula in Section 6.1.2.4.1 of this Rate Schedule 1, or (ii) the *TCCRate* in the formula in Section 6.1.2.4.2 of this Rate Schedule 1.

*AnnRevRequirement* = The product, in \$, of (i) the prior year's annual revenue requirement for either (A) Virtual Transaction market activity or (B) Transmission Congestion Contract market activity, and (ii) an escalation factor. The ISO shall calculate the escalation factor as the percentage change in the ISO budget between (i) the ISO budget for the calendar year two years prior to the current calendar year ("Calendar Year Minus 2") and (ii) the ISO budget for the calendar year one year prior to the current calendar year ("Calendar Year Minus 1").

*Over/Under Collection* = The ISO shall calculate the amount, in \$, that it has over or under collected for the prior year's annual revenue requirement for either (A) Virtual Transaction market activity or (B) Transmission Congestion Contract market activity, as the case may be, as follows: (i) The ISO shall divide the annual revenue requirements for the applicable market activity for Calendar Year Minus 2 and for Calendar Year Minus 1 into twelve equal monthly revenue requirements for each of these calendar years. (ii) The ISO shall then calculate the amount of revenue, in \$, that it over or under collected for each of the months from July of Calendar Year Minus 2 through June of Calendar Year Minus 1, which shall be calculated as (a) the revenue amount, in \$, that the ISO collected for each month for the applicable market activity, minus (b) the monthly revenue requirement, in \$, for that month as determined above. If the result of this calculation is positive, then the ISO overcollected for that month. If the result of this calculation is negative, then the ISO undercollected for that month. (iii) The ISO shall then calculate the total over or under collection amount, in \$, for the period of July of Calendar Year Minus 2 through June of Calendar Year Minus 1, which shall be equal to (a) the sum, in \$, of the revenue that the ISO overcollected for each month during this period (i.e., the sum of the positive monthly results determined above), minus (b) the sum, in \$, of the absolute value of the revenue that the ISO undercollected for each month during this period (i.e., the sum of the absolute value of the negative monthly results determined above).

*3YearRollingAvgBillUnits* = The ISO shall calculate the three year rolling average of billing units, in MWh, using twelve-month averages of the appropriate billing units for the period between July of the calendar year four years prior to the current calendar year ("Calendar Year Minus 4") and June of Calendar Year Minus 1.

The annual rate computed through the formula in this Section 6.1.2.4.4 shall be subject to a 25% maximum increase or decrease for each year.

### 6.1.2.5 Credit for Transmission Customers Participating in Physical Market Activity After Recovery of ISO Annual Budgeted Costs for the Preceding Year

The ISO shall use the revenue collected each Billing Period pursuant to Section 6.1.2.4 of this Rate Schedule 1 to recover any of its annual budgeted costs for the immediately preceding calendar year that it has not already recovered under Section 6.1.2 of this Rate Schedule for that year. Once it has recovered its annual budgeted costs for the immediately preceding calendar year, the ISO shall distribute each Billing Period for the remainder of the calendar year any additional revenue collected pursuant to Section 6.1.2.4 of this Rate Schedule to each Transmission Customer that participates in physical market activity as calculated according to the following formula.

$$\begin{aligned} & \text{ISO Annual Budget Credit}_{c,P} \\ &= \left( \text{NonPhysicalActivityRevenue}_P * \left( 0.28 * \frac{\text{InjectionUnits}_{c,P}}{\text{TotalInjectionUnits}_P} \right) \right) \\ &+ \left( \text{NonPhysicalActivityRevenue}_P * \left( 0.72 * \frac{\text{WithdrawalUnits}_{c,P}}{\text{TotalWithdrawalUnits}_P} \right) \right) \end{aligned}$$

Where:

$c$  = Transmission Customer.

$P$  = The relevant Billing Period.

$\text{ISO Annual Budget Credit}_{c,P}$  = The amount, in \$, that Transmission Customer  $c$  will receive for Billing Period  $P$ .

$\text{NonPhysicalActivityRevenue}_P$  = The sum, in \$, of the revenue collected by the ISO for Billing Period  $P$  through the charges to Transmission Customers for non-physical market activity, the Special Cases Resource program, and the Emergency Demand Response program as calculated in Section 6.1.2.4 of this Rate Schedule 1, less the amount the ISO is using to recover the annual budgeted costs for the immediately preceding calendar year that it did not recover 1) under Section 6.1.2.2 of this Rate Schedule for that year or 2) through  $\text{NonPhysicalActivityRevenue}$  previously used for this purpose in the current calendar year provided, however,  $\text{NonPhysicalActivityRevenue}_P$  shall not be less than zero

*InjectionUnits<sub>c,P</sub>* = The Injection Billing Units, in MWh, for Transmission Customer *c* in Billing Period *P*, except for Scheduled Energy Injections resulting from CTS Interface Bids at a CTS Enabled Interface with ISO New England.

*WithdrawalUnits<sub>c,P</sub>* = The Withdrawal Billing Units, in MWh, for Transmission Customer *c* in Billing Period *P*, except for Scheduled Energy Withdrawals resulting from CTS Interface Bids at a CTS Enabled Interface with ISO New England.

*TotalInjectionUnits<sub>P</sub>* = The sum, in MWh, of Injection Billing Units for all Transmission Customers in Billing Period *P*, except for Scheduled Energy Injections resulting from CTS Interface Bids at a CTS Enabled Interface with ISO New England.

*TotalWithdrawalUnits<sub>P</sub>* = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in Billing Period *P*, except for Scheduled Energy Withdrawals resulting from CTS Interface Bids at a CTS Enabled Interface with ISO New England.

Following the end of calendar year 2017, the ISO shall review the credits that have been made to Transmission Customers participating in physical market activity pursuant to this Section 6.1.2.5 and shall present the results of its review to Market Participants for comment.

### **6.1.3 NERC and NPCC Charges**

The ISO receives an invoice from NERC and NPCC (as defined below) on a quarterly basis for the recovery of the upcoming calendar quarter's costs related to the dues, fees, and related charges of:

- (i) the NERC for its service as the Electric Reliability Organization for the United States ("ERO"), recovered pursuant to FERC Docket Nos. RM05-30-000, RR06-1-000 and RR06-3-000 and related dockets, and
- (ii) the Northeast Power Coordinating Council: Cross-Border Regional Entity, Inc. ("NPCC"), or its successors, incurred to carry out functions that are delegated by the NERC and that are related to ERO matters pursuant to Section 215 of the FPA.

The ISO shall charge on a quarterly basis, and each Transmission Customer taking service under the ISO Tariffs shall pay, a charge for the recovery of the NERC and NPCC costs in accordance with Section 6.1.3.1 of this Rate Schedule 1.

Notwithstanding any applicable provisions of this ISO OATT or of the ISO Services Tariff, the ISO may supply to NERC the name of any LSE failing to pay any amounts due to NERC and the amounts not paid.

### **6.1.3.1 Calculation of NERC and NPCC Charges**

The ISO shall charge, and each Transmission Customer shall pay, a charge on a quarterly basis to recover the NERC and NPCC costs invoiced to the NYISO by NERC and NPCC for the upcoming calendar quarter. This charge shall be calculated according to the following formula.

$$NERC\&NPCC\ Charge_{c,Q} = NERC\&NPCC\ Costs_Q * \frac{TUWithdrawalUnits_{c,M}}{TUTotalWithdrawalUnits_M}$$

Where:

$c$  = Transmission Customer.

$Q$  = The relevant calendar quarter, for which the NERC and NPCC costs apply.

$NERC\&NPCC\ Charge_{c,Q}$  = The amount of the NERC and NPCC costs invoiced to the ISO, in \$, for which Transmission Customer  $c$  is responsible for calendar quarter  $Q$ .

$NERC\&NPCC\ Costs_Q$  = The NERC and NPCC costs, in \$, invoiced to the ISO for calendar quarter  $Q$ .

$M$  = The month in which the ISO charges Transmission Customers to recover NERC and NPCC costs for calendar quarter  $Q$ .

$TUWithdrawalUnits_{c,M}$  = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  in its four-month true-up invoice that is issued with its regular monthly invoice in month  $M$ , except for Withdrawal Billing Units for Wheels Through and Exports.

$TUTotalWithdrawalUnits_M$  = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in their four-month true-up invoices that are issued with their

regular monthly invoices in month *M*, except for Withdrawal Billing Units for Wheels Through and Exports.

In calculating the Withdrawal Billing Units for this NERC and NPCC charge, the ISO shall use the LSE bus meter data that have been submitted by the meter authorities for use in the calculation of the four-month true-up of the Transmission Customer's monthly invoice pursuant to Sections 7.4.1.1.2 and 7.4.1.1.3 of the ISO Services Tariff and Sections 2.7.4.2.1(ii) and 2.7.4.2.1(iii) of this ISO OATT. This calculation of the NERC and NPCC charge shall not be subject to correction or adjustment.

#### **6.1.4 Bad Debt Loss Charge**

The ISO shall charge, and each Transmission Customer shall pay, a charge for the recovery of bad debt losses in accordance with the methodology established in Attachment U of this ISO OATT.

#### **6.1.5 Working Capital Fund Charge**

The ISO shall charge, and each Transmission Customer shall pay, a charge for the collection and maintenance of the Working Capital Fund in accordance with the methodology established in Attachment V of this ISO OATT.

#### **6.1.6 Non-ISO Facilities Payment Charge**

The ISO shall charge, and each Transmission Customer shall pay, a charge in accordance with Section 6.1.6.1 of this Rate Schedule 1 for the recovery of the costs of the ISO's monthly payments to the owners of facilities that are needed for the economic and reliable operation of the NYS Transmission System. At present, the ISO makes such payments to:

- (i) Consolidated Edison Co. of New York, Inc. for the purchase, installation, operation, and maintenance of phase angle regulators at the Branchburg-Ramapo Interconnection between the ISO and PJM Interconnection, LLC, and
- (ii) Rochester Gas & Electric Corporation for the installation of a 135 MVAR Capacitor Bank at Rochester Station 80 on the cross-state 345 kV system.

#### **6.1.6.1 Calculation of Non-ISO Facilities Payment Charge**

##### **6.1.6.1.1 Transmission Customer Charge Based on Withdrawal Billing Units Not Used to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, a non-ISO facilities payment charge for each Billing Period. This charge shall be equal to the sum of the hourly non-ISO facilities payment charges for the Transmission Customer, as calculated according to the following formula, for each hour in the relevant Billing Period.

$$Non-ISO\ Facilities\ Payment\ Charge_{c,h} = \frac{NonISOFacilitiesCost_M}{N} * \frac{WithdrawalUnits_{c,h}}{TotalWithdrawalUnits_h}$$

Where:

$c$  = Transmission Customer.

$M$  = The relevant month.

$h$  = A given hour in the relevant Billing Period in month  $M$ .

$N$  = Total number of hours  $h$  in month  $M$ .

$Non-ISO\ Facilities\ Payment\ Charge_{c,h}$  = The amount, in \$, for which Transmission Customer  $c$  is responsible for hour  $h$ .

$NonISOFacilitiesCosts_M$  = The sum, in \$, of the ISO's bills for month  $M$  for the non-ISO facilities from (i) Consolidated Edison Co. of New York (less the one-half of such bill paid by PJM Interconnection, LLC) and (ii) Rochester Gas and Electric Corporation.

*WithdrawalUnits<sub>c,h</sub>* = The Withdrawal Billing Units, in MWh, for Transmission Customer *c* in hour *h*, except for the Withdrawal Billing Units to supply Station Power as a third-party provider, except for Scheduled Energy Withdrawals resulting from CTS Interface Bids at a CTS Enabled Interface with ISO New England.

*TotalWithdrawalUnits<sub>h</sub>* = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in hour *h*, except for the Withdrawal Billing Units to supply Station Power as third-party providers, except for Scheduled Energy Withdrawals resulting from CTS Interface Bids at a CTS Enabled Interface with ISO New England.

#### **6.1.6.1.2 Transmission Customer Charge Based on Withdrawal Billing Units to Supply Station Power Under Section 5 of this ISO OATT.**

The ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units used to supply Station Power as a third-party provider, a non-ISO facilities payment charge for each Billing Period. This charge shall be equal to the sum of the daily non-ISO facilities payment charges for the Transmission Customer, as calculated according to the following formula, for each day in the relevant Billing Period.

$$Non\text{-}ISO\text{ Facilities Payment Charge}_{c,d} = \frac{NonISOFacilitiesCosts_M}{N} * \frac{StationPower_{c,d}}{TotalWithdrawalUnits_d}$$

Where:

*d* = A given day in the relevant Billing Period in month *M*.

*N* = Number of days *d* in month *M*.

*StationPower<sub>c,d</sub>* = The Withdrawal Billing Units, in MWh, of Transmission Customer *c* used to supply Station Power as a third-party provider for day *d*.

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.6.1.1 of this Rate Schedule 1 above, except that the variables in this Section 6.1.6.1.2 shall be determined for day *d*.

#### **6.1.6.1.3 Non-ISO Facilities Payment Credit**

The ISO shall credit each Transmission Customer based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, an amount of the revenue



collected through the non-ISO facilities payment charge under Section 6.1.6.1.2 of this Rate Schedule 1 for each Billing Period. This credit shall be equal to the sum of daily payments for the Transmission Customer, as calculated according to the following formula, for each day in the relevant Billing Period.

$$Non-ISO\ Facilities\ Payment\ Credit_{c,d} = NonISOFacPayCharge_d * \frac{WithdrawalUnits_{c,d}}{TotalWithdrawalUnits_d}$$

Where:

$d$  = A given day in the relevant Billing Period.

$Non-ISO\ Facilities\ Payment\ Credit_{c,d}$  = The amount, in \$, that Transmission Customer  $c$  will receive for day  $d$ .

$NonISOFacPayCharge_d$  = The sum of non-ISO facilities payment charges, in \$, for all Transmission Customers as calculated in Section 6.1.6.1.2 of this Rate Schedule 1 for day  $d$ .

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.6.1.1 of this Rate Schedule 1 above, except that the variables in this Section 6.1.6.1.3 shall be determined for day  $d$ .

#### **6.1.7 Charge to Recover Payments Made to Suppliers Pursuant to Incremental Cost Recovery for Units Responding to Local Reliability Rules I-R3 and I-R5**

The ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, a charge for the recovery of the costs of payments to Suppliers pursuant to the incremental cost recovery for units that responded to either (i) Local Reliability Rule I-R3 or (ii) Local Reliability Rule I-R5, as applicable, for each Billing Period. This charge shall be equal to the sum of the daily charges for the Transmission Customer, as calculated according to the following formula, for each day in the relevant Billing Period. The ISO shall perform this calculation separately to

recover as applicable either (i) the payment costs related to Local Reliability I-R3, or (ii) the payment costs related to Local Reliability Rule I-R5.

$$\text{Local Reliability Rules Payment Recovery Charge}_{c,d} = \text{LRRPayment}_d * \frac{\text{TDWithdrawal}_{c,d}}{\text{TDTotalWithdrawalUnits}_d}$$

Where:

$c$  = Transmission Customer.

$d$  = A given day in the relevant Billing Period.

*Local Reliability Rules Payment Recovery Charge<sub>c,d</sub>* = The amount, in \$, for which Transmission Customer  $c$  is responsible for day  $d$ .

*LRRPayment<sub>d</sub>* - The amount, in \$, paid in day  $d$  to Suppliers pursuant to the incremental cost recovery for units that responded, as applicable, to either (i) Local Reliability Rule I-R3 in the Consolidated Edison Transmission District or (ii) Local Reliability Rule I-R5 in the LIPA Transmission District.

*TDWithdrawalUnits<sub>c,d</sub>* = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  in day  $d$  in either (i) the Consolidated Edison Transmission District (in the case of Local Reliability Rule I-R3) or (ii) the LIPA Transmission District (in the case of Local Reliability Rule I-R5), except for the Withdrawal Billing Units to supply Station Power as a third-party provider.

*TDTotalWithdrawalUnits<sub>d</sub>* = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in day  $d$  in either (i) the Consolidated Edison Transmission District (in the case of Local Reliability Rule I-R3) or (ii) the LIPA Transmission District (in the case of Local Reliability Rule I-R5), except for the Withdrawal Billing Units to supply Station Power as third-party providers.

### **6.1.8 Residual Costs Payment/Charge**

The ISO's payments for market transactions by Transmission Customers will not equal the ISO's payments to Suppliers for market transactions. Part of the difference consists of Day-Ahead Congestion Rent. The remainder comprises a residual adjustment, which the ISO shall calculate and each Transmission Customer shall receive or pay on the basis of its Withdrawal Billing Units. The most significant component of the residual adjustment is the residual costs payment or charge calculated in accordance with Section 6.1.8.1 of this Rate Schedule 1.

### **6.1.8.1 Calculation of Residual Costs Payment/Charge**

#### **6.1.8.1.1 Transmission Customers Charge Based on Withdrawal Billing Units Not Used to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall calculate, and each Transmission Customer shall receive or pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, a residual costs payment or a residual costs charge for each Billing Period. The payment or charge for the relevant Billing Period shall be equal to (i) the sum of the hourly residual costs payments for the Transmission Customer as calculated according to the following formula for each hour in the relevant Billing Period, minus (ii) the sum of the hourly residual costs charges for the Transmission Customer as calculated in the following formula for each hour in the relevant Billing Period. If the result of this determination is positive, the ISO shall pay the Transmission Customer a residual costs payment for the relevant Billing Period. If the result of this determination is negative, the ISO shall charge the Transmission Customer a residual costs charge for the relevant Billing Period.

$$Residual\ Costs\ Payment/Charge_{c,h} = (CustomerPayments_h - ISOPayments_h) * \frac{WithdrawalUnits_{c,h}}{TotalWithdrawalUnits_h}$$

Where:

$c$  = Transmission Customer.

$h$  = A given hour in the relevant Billing Period.

$Residual\ Costs\ Payment/Charge_{c,h}$  = The amount, in \$, for hour  $h$  that Transmission Customer  $c$  will receive (if positive) or for which Transmission Customer  $c$  is responsible (if negative).

$WithdrawalUnits_{c,h}$  = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  in hour  $h$ , except for the Withdrawal Billing Units to supply Station Power as a third-party provider, except for Scheduled Energy Withdrawals resulting from CTS Interface Bids at a CTS Enabled Interface with ISO New England.

$TotalWithdrawalUnits_h$  = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in hour  $h$ , except for the Withdrawal Billing Units to supply

Station Power as third-party providers, except for Scheduled Energy Withdrawals resulting from CTS Interface Bids at a CTS Enabled Interface with ISO New England.

$CustomerPayments_h$  = The ISO's receipts, in \$, for each hour  $h$  from Transmission Customers that equal the sum of the following components, which could be either positive or negative amounts:

- (i) payments of the Energy component and Marginal Losses Component of LBMP for Energy scheduled in the LBMP Market in hour  $h$  in the Day-Ahead Market;
- (ii) payments of the Energy component, Marginal Losses Component, and Congestion Component of LBMP for Energy purchased in the Real-Time LBMP Market for hour  $h$  that was not scheduled Day-Ahead;
- (iii) payments of the Energy component, Marginal Losses Component, and Congestion Component of LBMP for Energy by Suppliers that provided less Energy in the real-time dispatch for hour  $h$  than they were scheduled Day-Ahead to provide in hour  $h$  for the LBMP Market;
- (iv) the Marginal Losses Component of the TUC payments made in accordance with this ISO OATT for Bilateral Transactions that were scheduled in hour  $h$  in the Day-Ahead Market; and
- (v) the Marginal Losses Component and Congestion Component of the real-time TUC payments made in accordance with this ISO OATT for Bilateral Transactions that were not scheduled in hour  $h$  in the Day-Ahead Market.
- (vi) the M2M settlement between the ISO and PJM Interconnection, L.L.C. for hour  $h$ , determined in accordance with Section 8 of Schedule D to Attachment CC to this ISO OATT.

$ISOPayments_h$  = The ISO's payments, in \$, in each hour  $h$  to Suppliers that equal the sum of the following components, which could be either positive or negative amounts:

- (i) payments of the Energy component and Marginal Losses Components of LBMP for Energy to Suppliers that were scheduled to provide in the LBMP Market in hour h in the Day-Ahead Market;
- (ii) payments to Suppliers of the Energy component, Marginal Losses Component, and Congestion Component of LBMP for Energy provided to the ISO in the Real-Time Dispatch for hour h that those Suppliers were not scheduled to provide Energy in hour h in the Day-Ahead Market;
- (iii) payments of the Energy component and Marginal Losses Component of LBMP for Energy to LSEs that consumed less Energy in the real-time dispatch than those LSEs were scheduled Day-Ahead to consume in hour h; and
- (iv) payments of the Marginal Losses Component and Congestion Component of the real-time TUC to Transmission Customers that reduced their Bilateral Transaction schedules for hour h after the Day-Ahead Market.

**6.1.8.1.2 Transmission Customer Charge Based on Withdrawal Billing Units to Supply Station Power Under Section 5 of this ISO OATT.**

The ISO shall calculate, and each Transmission Customer shall receive or pay based on its Withdrawal Billing Units used to supply Station Power as a third-party provider, a residual costs payment or a residual costs charge for each Billing Period. The payment or charge for the relevant Billing Period shall be equal to (i) the sum of the daily residual costs payments for the Transmission Customer as calculated according to the following formula for each day in the relevant Billing Period, minus (ii) the sum of the daily residual costs charges for the Transmission Customer as calculated in the following formula for each day in the relevant Billing Period. If the result of this determination is positive, the ISO shall pay the Transmission Customer a residual costs payment for the relevant Billing Period. If the result of this

determination is negative, the ISO shall charge the Transmission Customer a residual costs charge for the relevant Billing Period.

$$Residual\ Costs\ Payment/Charge_{c,d} = \frac{(CustomerPayments_d - ISOPayments_d)}{TotalWithdrawalUnits_d} * StationPower_{c,d}$$

Where:

$d$  = A given day in the relevant Billing Period.

$StationPower_{c,d}$  = The Withdrawal Billing Units, in MWh, of Transmission Customer  $c$  that it used to supply Station Power as a third-party provider for day  $d$ .

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.8.1.1 of this Rate Schedule 1 above, except that the variables in this Section 6.1.8.1.2 shall be determined for day  $d$ .

#### **6.1.8.1.3 Residual Costs Adjustment**

The ISO shall calculate, and each Transmission Customer shall receive or pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, a residual costs adjustment for each Billing Period. This adjustment shall be equal to the sum of the daily adjustments (positive and negative) for the Transmission Customer, as calculated according to the following formula, for each day in the relevant Billing Period. If the summed amount is positive for the Billing Period, the ISO shall pay the Transmission Customer the adjustment amount. If the summed amount is negative for the Billing Period, the ISO shall charge the Transmission Customer the adjustment amount.

$$Residual\ Costs\ Adjustment_{c,d} = ResidCharge/PaymentCosts_d * \frac{WithdrawalUnits_{c,d}}{TotalWithdrawalUnits_d}$$

Where:

$d$  = A given day in the relevant Billing Period.

*Residual Costs Adjustment<sub>c,d</sub>* = The amount, in \$, for day *d* that Transmission Customer *c* will receive (if positive) or for which Transmission Customer *c* is responsible (if negative).

*ResidCharge/PaymentCosts<sub>d</sub>* = (i) If Transmission Customers were responsible for a residual costs charge for day *d* pursuant to Section 6.1.8.1.2 of this Rate Schedule 1, the (positive) amount, in \$, of the costs that the ISO has collected through the residual costs charges for all Transmission Customers for day *d*. (ii) If Transmission Customers received a residual costs payment for day *d* pursuant to Section 6.1.8.1.2 of this Rate Schedule 1, the (negative) amount, in \$, of the revenue that the ISO has paid through the residual costs payments to all Transmission Customers for day *d*.

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.8.1.1 of this Rate Schedule 1 above, except that the variables in this Section 6.1.8.1.3 shall be determined for day *d*.

#### **6.1.9 Recovery of Special Case Resources and Curtailment Services Providers Costs**

The ISO shall charge, and each Transmission Customer shall pay, a charge for the recovery of Special Case Resources and Curtailment Service Providers costs for each Billing Period. This charge shall be equal to the sum of the hourly charges for the Transmission Customer, as calculated in Sections 6.1.9.1 and 6.1.9.2 of this Rate Schedule 1, for each hour in the relevant Billing Period and, where applicable, for each Subzone.

##### **6.1.9.1 Recovery of Costs for Payments for Special Case Resources and Curtailment Service Providers Called to Meet the Reliability Needs of a Local System**

Pursuant to this Section 6.1.9.1, the ISO shall recover the costs of payments to Special Case Resources and Curtailment Service Providers that were called to meet the reliability needs of a local system. To do so, the ISO shall charge, and each Transmission Customer that serves Load in the Subzone for which the reliability services of the Special Case Resources and Curtailment Service Providers were called shall pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, an hourly charge in accordance with the following formula for each Subzone.

$$Local\ Reliability\ SCR\ and\ CSP\ Charge_{c,h} = LocalReliabilityCosts_h * \frac{SZWithdrawalUnits_{c,h}}{SZTotalWithdrawalUnits_h}$$

Where:

$c$  = Transmission Customer.

$h$  = A given hour in the relevant Billing Period.

*Local Reliability SCR and CSP Charge<sub>c,h</sub>* = The amount, in \$, for which Transmission Customer  $c$  is responsible for hour  $h$  for the relevant Subzone.

*LocalReliabilityCosts<sub>h</sub>* = The payments, in \$, for hour  $h$  in the relevant Subzone made to Suppliers for Special Case Resources and Curtailment Service Providers called to meet the reliability needs of that Subzone.

*SZWithdrawalUnits<sub>c,h</sub>* = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  in hour  $h$  in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through, Exports, and to supply Station Power as a third-party provider.

*SZTotalWithdrawalUnits<sub>h</sub>* = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in hour  $h$  in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through, Exports, and to supply Station Power as third-party providers.

#### **6.1.9.2 Recovery of Costs for Payments for Special Case Resources and Curtailment Service Providers Called to Meet the Reliability Needs of the NYCA**

Pursuant to this Section 6.1.9.2, the ISO shall recover the costs of payments to Special Case Resources and Curtailment Service Providers called to meet the reliability needs of the NYCA. To do so, the ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units except for Withdrawal Billing Units for Wheels Through, Exports or to supply Station Power as a third-party provider, an hourly charge in accordance with the following formula.

$$NYCA\ Reliability\ SCR\ and\ CSP\ Charge_{c,h} = NYCAReliabilityCosts_h * \frac{WithdrawalUnits_{c,h}}{TotalWithdrawalUnits_h}$$

Where:

$c$  = Transmission Customer.



$h$  = A given hour in the relevant Billing Period.

*NYCA Reliability SCR and CSP Charge<sub>c,h</sub>* = The amount, in \$, for which Transmission Customer  $c$  is responsible for hour  $h$ .

*NYCAReliabilityCosts<sub>h</sub>* = The payments, in \$, for hour  $h$  made to Suppliers for Special Case Resources and Curtailment Service Providers called to meet the reliability needs of the NYCA.

*WithdrawalUnits<sub>c,h</sub>* = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  in hour  $h$ , except for the Withdrawal Billing Units for Wheels Through, Exports or to supply Station Power as a third-party provider.

*TotalWithdrawalUnits<sub>h</sub>* = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in hour  $h$ , except for the Withdrawal Billing Units for Wheels Through, Exports or to supply Station Power as third-party providers.

#### **6.1.10. Recovery of Day-Ahead Margin Assurance Payment Costs**

The ISO shall charge, and each Transmission Customer shall pay, a charge for the recovery of DAMAP costs for each Billing Period. The charge for the relevant Billing Period shall be equal to the sum of the charges and credits for the Transmission Customer, as calculated in Sections 6.1.10.1 and 6.1.10.2 of this Rate Schedule 1, for each hour or each day, as applicable, in the relevant Billing Period and for each Subzone, where applicable.

##### **6.1.10.1 Recovery of Costs of DAMAPs Resulting from Meeting the Reliability Needs of a Local System**

Pursuant to this Section 6.1.10.1, the ISO shall recover the costs for DAMAPs incurred to compensate Resources for meeting the reliability needs of a local system.

##### **6.1.10.1.1 Transmission Customer Charge Based on Withdrawal Billing Units Not Used to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall charge, and each Transmission Customer that serves Load in the Subzone where the Resource is located shall pay based on its Withdrawal Billing Units that are not used

to supply Station Power as a third-party provider, an hourly charge in accordance with the following formula for each Subzone.

$$\text{Local Reliability DAMAP Charge}_{c,h} = \text{DAMAPCosts}_h * \frac{\text{SZWithdrawalUnits}_{c,h}}{\text{SZTotalWithdrawalUnits}_h}$$

Where:

$c$  = Transmission Customer.

$h$  = A given hour in the relevant Billing Period.

*Local Reliability DAMAP Charge* $_{c,h}$  = The amount, in \$, for which Transmission Customer  $c$  is responsible for hour  $h$  for the relevant Subzone.

*DAMAPCosts* $_h$  = The DAMAP costs, in \$, for hour  $h$  in the relevant Subzone incurred to compensate Resources meeting the reliability needs of that Subzone.

*SZWithdrawalUnits* $_{c,h}$  = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  in hour  $h$  in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through, Exports, and to supply Station Power as a third-party provider.

*SZTotalWithdrawalUnits* $_h$  = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in hour  $h$  in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through, Exports, and to supply Station Power as third-party providers.

#### **6.1.10.1.2 Transmission Customer Charge Based on Withdrawal Billing Units to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall charge, and each Transmission Customer that serves Load in the Subzone where the Resource is located shall pay based on its Withdrawal Billing Units used to supply Station Power as a third-party provider, a daily charge in accordance with the following formula for each Subzone.

$$\text{Local Reliability DAMAP Charge}_{c,d} = \frac{\text{DAMAPCosts}_d}{\text{SZTotalWithdrawalUnits}_d} * \text{SZStationPower}_{c,d}$$

Where:

$d$  = A given day in the relevant Billing Period.

$SZStationPower_{c,d}$  = The Withdrawal Billing Units, in MWh, of Transmission Customer  $c$  in day  $d$  in the relevant Subzone that are used to supply Station Power as a third-party provider, except for Withdrawal Billing Units for Wheels Through and Exports.

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.10.1.1 of this Rate Schedule 1 above, except that the variables in this Section 6.1.10.1.2 shall be determined for day  $d$ .

#### **6.1.10.1.3 Local Reliability DAMAP Credit**

The ISO shall calculate, and each Transmission Customer that serves Load in the Subzone where the Resource is located shall receive based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, an amount of the revenue collected through the charge under Section 6.1.10.1.2 of this Rate Schedule 1. This credit shall be calculated according to the following formula for each day in the relevant Billing Period.

$$Local\ Reliability\ DAMAP\ Credit_{c,d} = LocRelDAMAPCharge_d * \frac{SZWithdrawalUnits_{c,d}}{SZTotalWithdrawalUnits_d}$$

Where:

$d$  = A given day in the relevant Billing Period.

$Local\ Reliability\ DAMAP\ Credit_{c,d}$  = The amount, in \$, that Transmission Customer  $c$  will receive for day  $d$  for the relevant Subzone.

$LocRelDAMAPCharge_d$  = The sum of charges, in \$, for all Transmission Customers in the relevant Subzone as calculated in Section 6.1.10.1.2 of this Rate Schedule 1 for day  $d$ .

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.10.1.1 of this Rate Schedule 1 above, except that the variables in this Section 6.1.10.1.3 shall be determined for day  $d$ .

#### **6.1.10.2 Recovery of Costs of All Remaining DAMAPs**

Pursuant to this Section 6.1.10.2, the ISO shall recover the costs of all DAMAPs not recovered through Section 6.1.10.1 of this Rate Schedule 1 from all Transmission Customers.

#### **6.1.10.2.1 Transmission Customer Charge Based on Withdrawal Billing Units Not Used to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, an hourly charge in accordance with the following formula.

$$\text{Remaining DAMAP Charge}_{c,h} = \text{Remaining DAMAP Costs}_h * \frac{\text{Withdrawal Units}_{c,h}}{\text{Total Withdrawal Units}_h}$$

Where:

$c$  = Transmission Customer.

$h$  = A given hour in the relevant Billing Period.

$\text{Remaining DAMAP Charge}_{c,h}$  = The amount, in \$, for which Transmission Customer  $c$  is responsible for hour  $h$ .

$\text{Remaining DAMAP Costs}_h$  = The DAMAP costs, in \$, for hour  $h$  not recovered by the ISO through Section 6.1.10.1 of this Rate Schedule 1.

$\text{Withdrawal Units}_{c,h}$  = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  in hour  $h$ , except for the Withdrawal Billing Units to supply Station Power as a third-party provider, except for Scheduled Energy Withdrawals resulting from CTS Interface Bids at a CTS Enabled Interface with ISO New England.

$\text{Total Withdrawal Units}_h$  = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in hour  $h$ , except for the Withdrawal Billing Units to supply Station Power as third-party providers, except for Scheduled Energy Withdrawals resulting from CTS Interface Bids at a CTS Enabled Interface with ISO New England.

#### **6.1.10.2.2 Transmission Customer Charge Based on Withdrawal Billing Units to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units used to supply Station Power as a third-party provider, a daily charge in accordance with the following formula.

$$\text{Remaining DAMAP Charge}_{c,d} = \frac{\text{RemainingDAMAPCosts}_d}{\text{TotalWithdrawalUnits}_d} * \text{StationPower}_{c,d}$$

Where:

$d$  = A given day in the relevant Billing Period.

$\text{StationPower}_{c,d}$  = The Withdrawal Billing Units, in MWh, of Transmission Customer  $c$  used to supply Station Power as a third-party provider for day  $d$ .

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.10.2.1 of this Rate Schedule 1 above, except that the variables in this Section 6.1.10.2.2 shall be determined for day  $d$ .

### **6.1.10.2.3 Remaining DAMAP Credit**

The ISO shall calculate, and each Transmission Customer shall receive based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, an amount of the revenue collected through the charge under Section 6.1.10.2.2 of this Rate Schedule 1. This credit shall be calculated according to the following formula for each day in the relevant Billing Period.

$$\text{Remaining DAMAP Credit}_{c,d} = \text{RemainingDAMAPCharge}_d * \frac{\text{WithdrawalUnits}_{c,d}}{\text{TotalWithdrawalUnits}_{c,d}}$$

Where:

$d$  = A given day in the relevant Billing Period.

$\text{Remaining DAMAP Credit}_{c,d}$  = The amount, in \$, that Transmission Customer  $c$  will receive for day  $d$ .

$\text{RemainingDAMAPCharge}_d$  = The sum of charges, in \$, for all Transmission Customers as calculated in Section 6.1.10.2.2 of this Rate Schedule 1 for day  $d$ .

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.10.2.1 of this Rate Schedule 1 above, except that the variables in this Section 6.1.10.2.3 shall be determined for day  $d$ .

## **6.1.11 Recovery of Import Curtailment Guarantee Payment Costs**

### **6.1.11.1 Transmission Customer Charge Based on Withdrawal Billing Units Not Used to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, a charge each Billing Period to recover the costs of all Import Curtailment Guarantee Payments paid to Import Suppliers for that Billing Period. The charge for the relevant Billing Period shall be equal to the sum of the hourly charges for the Transmission Customer, as calculated in accordance with the following formula, for each hour in the relevant Billing Period.

$$\text{Import Curtailment Guarantee Charge}_{c,h} = \text{ImportCurtGuarCosts}_h * \frac{\text{WithdrawalUnits}_{c,h}}{\text{TotalWithdrawalUnits}_h}$$

Where:

$c$  = Transmission Customer.

$h$  = A given hour in the relevant Billing Period.

$\text{Import Curtailment Guarantee Charge}_{c,h}$  = The amount, in \$, for which Transmission Customer  $c$  is responsible for hour  $h$ .

$\text{ImportCurtGuarCosts}_h$  = The costs, in \$, for the Import Curtailment Guarantee Payments to Import Suppliers for hour  $h$ .

$\text{WithdrawalUnits}_{c,h}$  = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  in hour  $h$ , except for the Withdrawal Billing Units to supply Station Power as a third-party provider, except for Scheduled Energy Withdrawals resulting from CTS Interface Bids at a CTS Enabled Interface with ISO New England.

$\text{TotalWithdrawalUnits}_h$  = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in hour  $h$ , except for the Withdrawal Billing Units to supply Station Power as third-party providers, except for Scheduled Energy Withdrawals resulting from CTS Interface Bids at a CTS Enabled Interface with ISO New England.

#### **6.1.11.2 Transmission Customer Charge Based on Withdrawal Billing Units to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units used to supply Station Power as a third-party provider, a charge for each Billing Period to recover the costs of all Import Curtailment Guarantee Payments paid to Import Suppliers for that Billing Period. The charge for the relevant Billing Period shall be equal to the sum of the daily charges for the Transmission Customer, as calculated in accordance with the following formula, for each day in the relevant Billing Period.

$$\text{Import Curtailment Guarantee Charge}_{c,d} = \frac{\text{ImportCurtGuarCosts}_d}{\text{TotalWithdrawalUnits}_d} * \text{StationPower}_{c,d}$$

Where:

$d$  = A given day in the relevant Billing Period.

$\text{StationPower}_{c,d}$  = The Withdrawal Billing Units, in MWh, of Transmission Customer  $c$  used to supply Station Power as a third-party provider for day  $d$ .

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.11.1 of this Rate Schedule 1 above, except that the variables in this Section 6.1.11.2 shall be determined for day  $d$ .

#### **6.1.11.3 Import Curtailment Guarantee Credit**

The ISO shall credit each Transmission Customer based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, an amount of the revenue collected through the charge under Section 6.1.11.2 of this Rate Schedule 1 above for each Billing Period. This credit shall be equal to the sum of daily payments for the Transmission Customer, as calculated according to the following formula, for each day in the relevant Billing Period.

$$\text{Import Curtailment Guarantee Credit}_{c,d} = \text{ImpCurtGuarCharge}_d * \frac{\text{WithdrawalUnits}_{c,d}}{\text{TotalWithdrawalUnits}_d}$$

Where:

$d$  = A given day in the relevant Billing Period.

*Import Curtailment Guarantee Credit<sub>c,d</sub>* = The amount, in \$, that Transmission Customer  $c$  will receive for day  $d$ .

*ImpCurtGuarCharge<sub>d</sub>* = The sum of charges, in \$, for all Transmission Customers as calculated in Section 6.1.11.2 of this Rate Schedule 1 for day  $d$ .

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.11.1 of this Rate Schedule 1 above, except that the variables in this Section 6.1.11.3 shall be determined for day  $d$ .

#### **6.1.12 Recovery of Bid Production Cost Guarantee Payment and Demand Reduction Incentive Payment Costs**

The ISO shall charge, and each Transmission Customer shall pay, a charge for the recovery of BPCG and Demand Reduction Incentive Payment costs for each Billing Period. The charge for the relevant Billing Period shall be equal to the sum of the charges and credits for the Transmission Customer, as calculated in Sections 6.1.12.1 through 6.1.12.6 of this Rate Schedule 1, for each day in the relevant Billing Period and for each Subzone, where applicable.

##### **6.1.12.1 Costs of Demand Reduction BPCGs and Demand Reduction Incentive Payments**

After accounting for imbalance charges paid by Demand Reduction Providers, the ISO shall recover the costs associated with Demand Reduction Bid Production Cost guarantee payments and Demand Reduction Incentive Payments from Transmission Customers pursuant to the methodology established in Attachment R of this ISO OATT.



#### **6.1.12.2 Costs of BPCGs for Additional Generating Units Committed to Meet Forecast Load**

If the sum of all Bilateral Transaction schedules, excluding schedules of Bilateral Transactions with Trading Hubs as their POWs, and all Day-Ahead Market purchases to serve Load in the Day-Ahead schedule is less than the ISO's Day-Ahead forecast of Load, the ISO may commit Resources in addition to the reserves that it normally maintains to enable it to respond to contingencies to meet the ISO's Day-Ahead forecast of Load. The ISO shall recover a portion of the costs associated with Bid Production Cost guarantee payments for the additional Resources committed Day-Ahead to meet the Day-Ahead forecast of Load from Transmission Customers pursuant to the methodology established in Attachment T of this ISO OATT. The ISO shall recover the residual costs of such Bid Production Cost guarantee payments not recovered through the methodology in Attachment T of the ISO OATT pursuant to Section 6.1.12.6 of this Rate Schedule 1.

#### **6.1.12.3 Costs of BPCGs Resulting from Meeting the Reliability Needs of a Local System**

Pursuant to this Section 6.1.12.3, the ISO shall recover the costs for Bid Production Cost guarantee payments incurred to compensate Suppliers for their Resources, other than Special Case Resources, that are committed or dispatched to meet the reliability needs of a local system.

##### **6.1.12.3.1 Transmission Customer Charge Based on Withdrawal Billing Units Not Used to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall charge, and each Transmission Customer that serves Load in the Subzone where the Resource is located shall pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, a daily charge in accordance with the following formula for each Subzone.

$$\text{Local Reliability BPCG Charge}_{c,d} = \text{BPCGCosts}_d * \frac{\text{SZWithdrawalUnits}_{c,d}}{\text{SZTotalWithdrawalUnits}_d}$$

Where:

$c$  = Transmission Customer.

$d$  = A given day in the relevant Billing Period.

*Local Reliability BPCG Charge<sub>c,d</sub>* = The amount, in \$, for which Transmission Customer  $c$  is responsible for day  $d$  for the relevant Subzone.

*BPCGCosts<sub>d</sub>* = The Bid Production Cost guarantee payments, in \$, made to Suppliers for Resources for day  $d$  in the relevant Subzone arising as a result of meeting the reliability needs of that Subzone, except for the Bid Production Cost guarantee payments made to Suppliers for Special Case Resources.

*SZWithdrawalUnits<sub>c,d</sub>* = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  in day  $d$  in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through, Exports, and to supply Station Power as a third-party provider.

*SZTotalWithdrawalUnits<sub>d</sub>* = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in day  $d$  in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through, Exports, and to supply Station Power as third-party providers.

#### **6.1.12.3.2 Transmission Customer Charge Based on Withdrawal Billing Units to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall charge, and each Transmission Customer that serves Load in the Subzone where the Resource is located shall pay based on its Withdrawal Billing Units used to supply Station Power as a third-party provider, a daily charge in accordance with the following formula for each Subzone.

$$\text{Local Reliability BPCG Charge}_{c,d} = \frac{\text{BPCGCosts}_d}{\text{SZTotalWithdrawalUnits}_d} * \text{SZStationPower}_{c,d}$$

Where:

*SZStationPower<sub>c,d</sub>* = The Withdrawal Billing Units, in MWh, of Transmission Customer  $c$  in day  $d$  in the relevant Subzone that are used to supply Station Power as a third-party provider, except for Withdrawal Billing Units for Wheels Through and Exports.

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.12.3.1 above,

#### **6.1.12.3.3 Local Reliability BPCG Credit**

The ISO shall calculate, and each Transmission Customer that serves Load in the Subzone where the Resource is located shall receive based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, an amount of the revenue collected through the charge under Section 6.1.12.3.2 of this Rate Schedule 1. This credit shall be calculated according to the following formula for each day in the relevant Billing Period.

$$Local\ Reliability\ BPCG\ Credit_{c,d} = LocRelBPCGCharge_d * \frac{SZWithdrawalUnits_{c,d}}{SZWithdrawalUnits_{c,d}}$$

Where:

*Local Reliability BPCG Credit<sub>c,d</sub>* = The amount, in \$, that Transmission Customer *c* will receive for day *d* for the relevant Subzone.

*LocRelBPCGCharge<sub>d</sub>* = The sum of charges, in \$, for all Transmission Customers in the relevant Subzone as calculated in Section 6.1.12.3.2 of this Rate Schedule 1 for day *d*.

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.12.3.1 above.

#### **6.1.12.4 Cost of BPCGs for Special Case Resources Called to Meet the Reliability Needs of a Local System**

Pursuant to this Section 6.1.12.4, the ISO shall recover the costs of Bid Production Cost guarantee payments incurred to compensate Special Case Resources called to meet the reliability needs of a local system. To do so, the ISO shall charge, and each Transmission Customer that serves Load in the Subzone where the Special Case Resource is located shall pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, a daily charge in accordance with the following formula for each Subzone.

$$\text{Local Reliability SCR BPCG Charge}_{c,d} = \text{BPCGCosts}_d * \frac{\text{SZWithdrawalUnits}_{c,d}}{\text{SZTotalWithdrawalUnits}_d}$$

Where:

$c$  = Transmission Customer.

$d$  = A given day in the relevant Billing Period.

*Local Reliability SCR BPCG Charge<sub>c,d</sub>* = The amount, in \$, for which Transmission Customer  $c$  is responsible for day  $d$  for the relevant Subzone.

*BPCGCosts<sub>d</sub>* = The Bid Production Cost guarantee payments, in \$, made to Suppliers for Special Case Resources for day  $d$  in the relevant Subzone arising as a result of meeting the reliability needs of that Subzone.

*SZWithdrawalUnits<sub>c,d</sub>* = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  in day  $d$  in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through, Exports, and to supply Station Power as a third-party provider.

*SZTotalWithdrawalUnits<sub>d</sub>* = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in day  $d$  in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through, Exports, and to supply Station Power as third-party providers.

#### **6.1.12.5 Cost of BPCG for Special Case Resources Called to Meet the Reliability Needs of the NYCA**

Pursuant to this Section 6.1.12.5, the ISO shall recover the costs for Bid Production Cost guarantee payments to compensate Special Case Resources called to meet the reliability needs of the NYCA. To do so, the ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units used except for Withdrawal Billing Units for Wheels Through, Exports or to supply Station Power as a third-party provider, a daily charge in accordance with the following formula.

$$\text{NYCA Reliability SCR BPCG}_{c,d} = \text{BPCGCost}_d * \frac{\text{WithdrawalUnits}_{c,d}}{\text{TotalWithdrawalUnits}_d}$$

Where:

$c$  = Transmission Customer.

$d$  = A given day in the relevant Billing Period.

*NYCA Reliability SCR BPCG Charge<sub>c,d</sub>* = The amount, in \$, for which Transmission Customer *c* is responsible for day *d*.

*BPCGCosts<sub>d</sub>* = The Bid Production Cost guarantee payments, in \$, made to Suppliers for Special Case Resources called to meet the reliability needs of the NYCA for day *d*.

*WithdrawalUnits<sub>c,d</sub>* = The Withdrawal Billing Units, in MWh, for Transmission Customer *c* in day *d*, except for the Withdrawal Billing Units for Wheels Through, Exports or to supply Station Power as a third-party provider.

*TotalWithdrawalUnits<sub>d</sub>* = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in day *d*, except for the Withdrawal Billing Units for Wheels-Through, Exports or to supply Station Power as third-party providers.

#### **6.1.12.6 Costs of All Remaining BPCGs**

Pursuant to this Section 6.1.12.6, the ISO shall recover the costs of all Bid Production Cost guarantee payments not recovered through Sections 6.1.12.1, 6.1.12.2, 6.1.12.3, 6.1.12.4, and 6.1.12.5 of this Rate Schedule 1, including the residual costs of Bid Production Cost guarantee payments for additional Resources not recovered through the methodology in Attachment T of this ISO OATT, from all Transmission Customers.

##### **6.1.12.6.1 Transmission Customer Charge Based on Withdrawal Billing Units Not Used to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, a daily charge in accordance with the following formula.

$$\text{Remaining BPCG Charge}_{c,d} = \text{RemainingBPCGCosts}_d * \frac{\text{WithdrawalUnits}_{c,d}}{\text{TotalWithdrawalUnits}_d}$$

Where:

*c* = Transmission Customer.

*d* = A given day in the relevant Billing Period.

*Remaining BPCG Charge<sub>c,d</sub>* = The amount, in \$, for which Transmission Customer *c* is responsible for day *d*.

*RemainingBPCGCosts<sub>d</sub>* = The BPCG costs, in \$, for day *d* not recovered by the ISO through Sections 6.1.12.1, 6.1.12.2, 6.1.12.3, 6.1.12.4, and 6.1.12.5 of this Rate Schedule 1.

*WithdrawalUnits<sub>c,d</sub>* = The Withdrawal Billing Units, in MWh, for Transmission Customer *c* in day *d*, except for the Withdrawal Billing Units to supply Station Power as a third-party provider, except for Scheduled Energy Withdrawals resulting from CTS Interface Bids at a CTS Enabled Interface with ISO New England.

*TotalWithdrawalUnits<sub>d</sub>* = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in day *d*, except for the Withdrawal Billing Units to supply Station Power as third-party providers, except for Scheduled Energy Withdrawals resulting from CTS Interface Bids at a CTS Enabled Interface with ISO New England.

#### **6.1.12.6.2 Transmission Customer Charge Based on Withdrawal Billing Units to Supply Station Power Under Section 5 of this ISO OATT**

The ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units used to supply Station Power as a third-party provider, a daily charge in accordance with the following formula.

$$\text{Remaining BPCG Charge}_{c,d} = \frac{\text{RemainingBPCGCosts}_d}{\text{TotalWithdrawalUnits}_d} * \text{StationPower}_{c,d}$$

Where:

*StationPower<sub>c,d</sub>* = The Withdrawal Billing Units, in MWh, of Transmission Customer *c* used to supply Station Power as a third-party provider for day *d*.

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.12.6.1 of this Rate Schedule 1 above.

#### **6.1.12.6.3 Remaining BPCG Credit**

The ISO shall calculate, and each Transmission Customer shall receive based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, an amount of the revenue collected through the charge under Section 6.1.12.6.2 of this Rate

Schedule 1. This credit shall be calculated according to the following formula for each day in the relevant Billing Period.

$$\text{Remaining BPCG Credit}_{c,d} = \text{RemainingBPCGCharge}_d * \frac{\text{WithdrawalUnits}_{c,d}}{\text{TotalWithdrawalUnits}_{c,d}}$$

Where:

*Remaining BPCG Credit*<sub>c,d</sub> = The amount, in \$, that Transmission Customer *c* will receive for day *d*.

*RemainingBPCGCharge*<sub>d</sub> = The sum of charges, in \$, for all Transmission Customers as calculated in Section 6.1.12.6.2 of this Rate Schedule 1 for day *d*.

The definitions of the remaining variables are identical to the definitions for such variables set forth in Section 6.1.12.6.1 of this Rate Schedule 1 above.

### **6.1.13 Dispute Resolution Payment/Charge**

The ISO shall calculate, and each Transmission Customer shall receive or pay, a dispute resolution payment or charge in accordance with Section 6.1.13.1 of this Rate Schedule 1 for the distribution of funds received by the ISO or the recovery of funds incurred by the ISO in the settlement of a dispute.

#### **6.1.13.1 Calculation of the Dispute Resolution Payment/Charge**

The ISO shall calculate, and each Transmission Customer shall receive or pay, a dispute resolution payment or a dispute resolution charge for each Billing Period as calculated according to the following formula.

$$\text{Dispute Resolution Payment/Charge}_{c,P} = \text{DisputeResolutionCosts}_P * \frac{\text{WithdrawalUnits}_{c,P}}{\text{TotalWithdrawalUnits}_P}$$

Where:

*c* = Transmission Customer.

*P* = The relevant Billing Period.

*Dispute Resolution Payment/Charge<sub>c,P</sub>* = The amount, in \$, for Billing Period *P* that (i) Transmission Customer *c* will receive if the ISO is distributing funds that it has collected in the settlement of a dispute, or (ii) Transmission Customer *c* will be responsible for if the ISO is recovering funds that it has incurred in the settlement of a dispute.

*DisputeResolutionCosts<sub>P</sub>* = The amount, in \$, for Billing Period *P* that (i) the ISO has collected in the settlement of a dispute or (ii) the ISO has incurred in the settlement of a dispute.

*WithdrawalUnits<sub>c,P</sub>* = The Withdrawal Billing Units, in MWh, for Transmission Customer *c* in Billing Period *P*, except for Scheduled Energy Withdrawals resulting from CTS Interface Bids at a CTS Enabled Interface with ISO New England.

*TotalWithdrawalUnits<sub>P</sub>* = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in Billing Period *P*, except for Scheduled Energy Withdrawals resulting from CTS Interface Bids at a CTS Enabled Interface with ISO New England.

#### **6.1.14 Credit for Financial Penalties**

The ISO shall distribute to each Transmission Customer each Billing Period in accordance with the following formula any payments that it has collected from Transmission Customers to satisfy: (i) Financial Impact Charges issued pursuant to Sections 4.5.3.2 and 4.5.4.2 of the ISO Services Tariff; (ii) ICAP sanctions issued pursuant to Section 5.12.12 of the ISO Services Tariff; (iii) ICAP deficiency charges pursuant to Section 5.14.3.1 of the ISO Services Tariff, except as provided in Section 5.14.3.2 of the ISO Services Tariff; (iv) market power mitigation financial penalties pursuant to Section 23.4.3.6 of Attachment H of the ISO Services Tariff, except as provided in Section 23.4.4.3.2 of Attachment H of the ISO Services Tariff; and (v) any other financial penalties set forth in the ISO Services Tariff or this ISO OATT. The ISO will perform this calculation separately for the allocation of the revenue from each financial penalty.

$$Financial\ Penalties\ Credit_{c,P} = PenaltyRevenue_P * \frac{WithdrawalUnits_{c,P}}{TotalWithdrawalUnits_P}$$



Where:

$c$  = Transmission Customer.

$P$  = A given day in the relevant Billing Period.

*Financial Penalties Credit<sub>c,P</sub>* = The amount, in \$, that Transmission Customer  $c$  will receive for Billing Period  $P$ .

*PenaltyRevenue<sub>P</sub>* = The sum, in \$, of revenue that the ISO has collected for Billing Period  $P$  from a Transmission Customer for one of the financial penalties indicated in Section 6.1.14 of this Rate Schedule 1.

*WithdrawalUnits<sub>c,P</sub>* = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  for Billing Period  $P$ , except for Scheduled Energy Withdrawals resulting from CTS Interface Bids at a CTS Enabled Interface with ISO New England.

*TotalWithdrawalUnits<sub>P</sub>* = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers for Billing Period  $P$ , except for Scheduled Energy Withdrawals resulting from CTS Interface Bids at a CTS Enabled Interface with ISO New England.

#### **6.1.15 Calculation of FERC Fee Charges**

As a public utility the transmission provider under this Tariff is subject to annual charges assessed by the Commission in accordance with Part 382 of the Commission's regulations (annual FERC fee). The ISO shall charge, and each Transmission Customer taking service under the ISO Tariffs shall pay, a charge for the recovery of the annual FERC fee, on the basis of its participation in physical market activity, and on the basis of its participation in non-physical market activity in accordance with Sections 6.1.15.1 and 6.1.15.2 respectively. The annual FERC fee shall be allocated ninety-four (94%) to physical market activity and six (6%) to non-physical market activity respectively. Pursuant to ISO Procedures, the six (6%) of the annual FERC fee allocated to non-physical market activity shall be further allocated approximately four percent (4%) to Transmission Congestion Contracts and approximately two percent (2%) to Virtual Transactions. The total charge to each Transmission Customer for recovery of the annual

FERC fee shall be the sum of the Transmission Customer's Physical FERC Fee Charge and the Transmission Customer's Non-Physical FERC Fee Charge.

An estimated annual FERC fee shall be recovered over the twelve months of each federal fiscal year. The ISO will publish the estimated annual FERC fee for each federal fiscal year no less than one month in advance of the start of that federal fiscal year. Upon receiving the invoice for the annual FERC fee, the ISO will implement a true-up, a credit or charge, equal to the difference between the estimated annual FERC fee for the fiscal year and the invoiced amount, in the first Billing Period following receipt of the invoiced annual FERC fee, as is practicable. The ISO shall recover or refund the true-up amount over a six month period.

All funds collected by the ISO for the annual FERC fee shall be deposited in the annual FERC fee account. The annual FERC fee account shall be an interest-bearing account separate from all other accounts maintained by the ISO. The ISO shall disburse funds from the annual FERC fee account in order to pay the FERC any and all annual FERC fee charges assessed against the ISO.

#### **6.1.15.1 Calculation of Physical FERC Fee Charge for Transmission Customers Participating in Physical Market Activity**

The ISO shall charge, and each Transmission Customer that participates in physical market activity shall pay, a charge for the recovery of the annual FERC fee as calculated according to the following formula:

*Physical FERC Fee Charge<sub>c,p</sub>*

$$\begin{aligned} &= \left( Injection\ Units_{c,p} * \left( 0.28 * PRatio * \frac{(Est\ FERC\ Fee_p + True-Up\ Costs_p)}{TotalInjectionUnits_p} \right) \right) \\ &+ \left( Withdrawal\ Units_{c,p} * \left( 0.72 * PRatio * \frac{(Est\ FERC\ Fee_p + True-Up\ Costs_p)}{TotalWithdrawalUnits_p} \right) \right) \end{aligned}$$

Where:

$c$  = Transmission Customer.

$P$  = The relevant Billing Period.

*Physical FERC Fee Charge<sub>c,P</sub>* = The amount, in \$, of the annual FERC fee for which Transmission Customer  $c$  is responsible for Billing Period  $P$ .

*Injection Units<sub>c,P</sub>* = The Injection Billing Units, in MWh, for Transmission Customer  $c$  in Billing Period  $P$ .

*PRatio* = Ninety-four percent (94%).

*Est FERC Fee<sub>P</sub>* = Billing Period  $P$ 's proportional allocation of the estimated annual FERC fee for the current FERC fiscal year.

*True-up Costs<sub>P</sub>* = Billing Period  $P$ 's proportional allocation of the difference between the invoiced annual FERC fee and the estimated annual FERC fee.

*TotalInjectionUnits<sub>P</sub>* = The sum, in MWh, of Injection Billing Units for all Transmission Customers in Billing Period  $P$ .

*Withdrawal Units<sub>c,P</sub>* = The Withdrawal Billing Units, in MWh, for Transmission Customer  $c$  in the Billing Period  $P$ .

*TotalWithdrawalUnits<sub>P</sub>* = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in the Billing Period  $P$ .

#### **6.1.15.2 Calculation of the FERC Fee Charge for Transmission Customers Participating in Non-Physical Market Activity**

The ISO shall charge, and each Transmission Customer that has its virtual bids accepted and thereby engages in Virtual Transactions or that purchases Transmission Congestion Contracts shall pay, a charge for the recovery of the annual FERC fee as calculated according to the

following formula: *Non-Physical FERC Fee Charge<sub>c,P</sub>* =  $\left( VTCleared_{c,P} * \left( \frac{VTRatio * Est\ FERC\ Fee_P}{Total\ VT\ Cleared_P} \right) + \left( \frac{VTRatio * True-Up\ Costs_P}{Total\ VT\ Cleared_P} \right) \right) + \left( TCC\ Settled_{c,P} * \left( \frac{TCCRatio * Est\ FERC\ Fee_P}{Total\ TCC\ Settled_P} \right) + \left( \frac{TCCRatio * True-Up\ Costs_P}{Total\ TCC\ Settled_P} \right) \right)$

Where:

$c$  = Transmission Customer.

$P$  = The relevant Billing Period.

*Non – Physical FERC Fee Charge<sub>c,P</sub>* = The amount, in \$, of the annual FERC fee for which Transmission Customer  $c$  is responsible for Billing Period  $P$ .

*VT Cleared<sub>c,P</sub>* = The total cleared Virtual Transactions, in MWh, for Transmission Customer  $c$  in Billing Period  $P$ .

*VT Est FERC Fee<sub>P</sub>* = Billing Period  $P$ 's proportional allocation of the estimated annual FERC fee for the current FERC fiscal year.

*True – up Costs<sub>P</sub>* = Billing Period  $P$ 's proportional allocation of the difference between the invoiced annual FERC fee and the estimated annual FERC fee.

*VTRatio* = Approximately two percent (2%).

*Total VT Cleared<sub>P</sub>* = The sum, in MWh, of cleared Virtual Transactions for all Transmission Customers in Billing Period  $P$ .

*TCCSettled<sub>c,P</sub>* = The total settled Transmission Congestion Contracts, in MWh, for Transmission Customer  $c$  in Billing Period  $P$ .

*TCCRatio* = Approximately four percent (4%).

*Total TCC Settled<sub>P</sub>* = The total settled Transmission Congestion Contracts, in MWh, for Transmission Customer  $c$  in Billing Period  $P$ .