

3.1 Nature of Firm Point-To-Point Transmission Service

3.1.1 Term:

The minimum term of Firm Point-To-Point Transmission Service shall be one hour and the maximum term shall not exceed the maximum permissible term as specified in ISO Procedures.

3.1.2. Reservation Priority:

All requests for Firm Point-to-Point Transmission Service will be deemed to have the same reservation priority. Firm Point to Point Transmission Service will have the same priority as Network Service subject to Section 3.1.6. All Firm Point-to-Point Transmission Service will have priority over Non-Firm Point-to-Point Transmission Service under the Tariff.

3.1.3 Use of Firm Transmission Service by the Transmission Owner(s):

The Transmission Owner will be subject to the rates, terms and conditions of Part 3 of the Tariff when making Third-Party Sales under (i) agreements executed on or after the effective date of ISO, or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Owners will maintain separate accounting, pursuant to Section 2.8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

3.1.4 Service Agreements:

The ISO shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Firm Point-To-Point Transmission Service. Executed Service Agreements that contain the information required under this Tariff shall be filed with the Commission in compliance with

applicable Commission regulations.

3.1.5 Transmission Customer Obligation for Facility Additions or Redispatch **Cost:**

The ISO continuously redispatches all resources subject to its control in order to meet Load and to accommodate requests for a Firm Transmission Service through the use of SCUC, RTC, and RTD. Firm Point-To-Point Transmission Customers are charged for these redispatch costs in accordance with Attachment J. Transmission Owner(s) will be obligated to expand or upgrade its Transmission System pursuant to the terms of Section 3.7. The Transmission Customer or Eligible Customer must agree to compensate the Transmission Owner(s) for any necessary transmission facility additions pursuant to Section 3.7.

3.1.6 Curtailment of Firm Transmission Service:

In the event that a Curtailment on the NYS Transmission System, or a portion thereof, is required to maintain reliable operation of such system, Curtailments will be made on a non-discriminatory basis to the Transaction(s) that effectively relieve the Constraint. When applicable, the ISO will follow the Lake Erie Emergency Redispatch ("LEER") Procedure filed on February 26, 1999, in Docket No. EL99-52-000 which is incorporated by reference herein. The LEER Procedure is intended to prevent the necessity of implementing the Curtailment procedures contained in the Commission and NERC tariffs and policies. To the extent possible, Curtailments of External Transactions at the Proxy Generator Buses associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, or the Linden VFT Scheduled Line shall be based on the transmission priority of the associated Advance Reservation for use of the Cross-Sound Scheduled Line, the Neptune Scheduled Line, or the Linden VFT Scheduled Line (as appropriate). If multiple transactions require Curtailment, to the extent practicable and consistent with right to Curtail, in whole or in part, any Firm Transmission Service provided

under this Tariff when, in the ISO's sole discretion, an Emergency or other unforeseen condition impairs or degrades the reliability of the NYS Power System. The ISO will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments. If the ISO declares a Major Emergency State, Transmission Customers shall comply with all directions issued by the ISO concerning the avoidance, management, and alleviation of the Major Emergency and shall comply with all procedures concerning a Major Emergency set forth in the ISO Procedures and the Reliability Rules. If the ISO is required to Curtail Transmission Service as a result of a Transmission Loading Relief ("TLR") event, the ISO will perform such Curtailment in accordance with the NERC TLR Procedure.

3.1.7 Classification of Firm Transmission Service:

3.1.7.1 The Transmission Customer taking Firm Point-To-Point Transmission Service, other than Transmission Customers taking Firm Point-to-Point Transmission Service associated with a Pre-Scheduled Transaction, may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 3.15.1 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 3.15.2.

3.1.7.2 The Transmission Customer may purchase Transmission Service to make sales of Capacity and Energy from multiple generating units that are on the NYS Transmission System. For such a purchase of Transmission Service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant in which case the units would be treated as a single Point of Receipt.

3.1.7.3 The ISO shall provide firm deliveries of Capacity and Energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt shall be set forth in the Firm Point-To-Point Service schedule submitted by the Transmission Customer.

3.1.8 Scheduling of Firm Point-To-Point Transmission Service:

3.1.8.1 Pre-Scheduled Transaction Requests: Requests for Firm Transmission Service associated with a Pre-Scheduled Transaction Requests for Wheels Through shall be submitted, pursuant to ISO Procedures, no earlier than eighteen (18) months prior to the Dispatch Day, and shall include hourly transaction quantities (in MW) at each affected External Interface for each specified Dispatch Day. Customers may submit requests for Firm Transmission Service associated with Pre-Scheduled Transaction Requests for scheduling in the Day-Ahead Market.

The ISO shall determine, pursuant to ISO Procedures, the amount of Total Transfer Capability at each External Interface to be made available for scheduling Pre-Scheduled Transactions. The ISO shall evaluate Pre-Scheduled Transaction Requests in the order in which they are submitted for evaluation until the Pre-Scheduled Transaction Request expires, pursuant to ISO Procedures, prior to the close of the Day-Ahead Market for the specified Dispatch Day. Modification of a Pre-Scheduled Transaction request shall constitute a withdrawal of the original request and a submission of a new Pre-Scheduled Transaction request. At the request of a Customer, the ISO shall continue to evaluate a Pre-Scheduled Transaction Request for a Wheel Through that was not accepted for scheduling in

the priority order in which the Request was originally submitted until it is either accepted for scheduling, is withdrawn or expires, pursuant to ISO Procedures, prior to the close of the Day-Ahead Market for the specified Dispatch Day. The ISO shall accept Pre-Scheduled Transaction Requests for scheduling, pursuant to ISO Procedures, provided that there is Ramp Capacity, and Transfer Capability available at each affected External Interface, in the NYCA for each hour requested. If Ramp Capacity, or Transfer Capability on the designated External Interface, is unavailable in the NYCA for any hour of the Pre-Scheduled Transaction Request, the request shall not be scheduled. The ISO shall confirm the Transaction with affected Control Areas, as necessary, pursuant to ISO Procedures and may condition acceptance for scheduling on such confirmation.

The ISO shall provide the requesting Customer with notice, as soon as is practically possible, as to whether the Pre-Scheduled Transaction Request is accepted for scheduling and, if it is not scheduled, the ISO shall provide the reason.

The ISO shall reserve Ramp Capacity, and Transfer Capability on affected Interfaces, for each Pre-Scheduled Transaction. Pre-Scheduled Transactions shall be automatically submitted for scheduling in the appropriate LBMP Market for the designated Dispatch Day. The ISO shall evaluate requests to withdraw Pre-Scheduled Transactions pursuant to ISO Procedures.

Requests for Firm Transmission Service associated with Pre-Scheduled Transaction Requests for Wheels Through to be scheduled Day-Ahead shall be assigned a Decremental Bid at the Proxy Generator Bus designated as the source

of the Transaction that provides the highest scheduling priority available for Firm Transmission Service.

3.1.8.2 In the Day-Ahead Market: Schedules for the Transmission Customer's Firm Point-to-Point Transmission Service Day-Ahead, other than schedules from Transmission Customers taking Firm Point-to-Point Transmission Service for a Pre-Scheduled Transaction, must be submitted to the ISO no later than 5:00 a.m. of the day prior to commencement of the Dispatch Day. Incremental Bids submitted at Proxy Generator Buses shall be price no lower than the Bid that provides the highest scheduling priority for sales to the LBMP Market plus the product of (i) the Scheduling Differential and (ii) three. Sink Price Cap Bids submitted at Proxy Generator Buses shall be priced no higher than the Bid that provides the highest scheduling priority for purchases from the LBMP Market minus the product of (i) the Scheduling Differential and (ii) three. Schedules involving the use of LIPA's facilities shall be treated in accordance with Section 2.5.7. Schedules submitted after 5:00 a.m. will not be accepted in the Day-Ahead schedule. Schedules of any Capacity and Energy that are to be delivered must be stated in increments of 1,000 kWh per hour between each Point of Receipt and corresponding Point of Delivery. Each Transmission Customer within the NYCA with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kWh per hour, may consolidate its service requests at a common Point of Receipt into units of 1,000 kWh per hour for scheduling and billing purposes. The ISO will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving

Party and shall deliver the Capacity and Energy provided by such schedules.

Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall notify the ISO prior to the close of the Real-Time Market, and the ISO shall have the right to adjust accordingly the schedule for Capacity and Energy to be received and to be delivered.

3.1.8.3 In the Real-Time Market: Schedules for the Transmission Customer's Firm Point-to-Point Transmission Service in Real-Time must be submitted to the ISO no later than ninety (90) minutes prior to the dispatch hour.

Bids for Exports shall be priced no higher than the Bid that provides the highest scheduling priority for purchases in the LBMP Market, minus the product of (i) the Scheduling Differential and (ii) three. Bids for Imports and Decremental Bids or Wheels Through at the Proxy Generator Bus designated as the source of the Transaction shall be price no lower than the Bid that provides the highest scheduling priority for sales to the LBMP Market plus the product of (i) the Scheduling Differential and (ii) three. Schedules involving the use of LIPA's facilities shall be treated in accordance with Section 2.5.7. Schedules submitted later than ninety (90) minutes prior to the dispatch hour shall not be accepted in the Real-Time schedule. Schedules of any Capacity and Energy that is to be delivered must be stated in increments of 1,000 kWh per hour between each Point of Receipt and corresponding Point of Delivery. The ISO will furnish to the Delivering Party's system operator, if applicable, hour-to-hour schedules equal to those furnished by the Receiving Party and shall deliver the Capacity and Energy provided by such schedules. Should the Transmission Customer, Delivering Party

or Receiving Party revise or terminate any schedule, such party shall notify the ISO prior to the close of the Real-Time Market, and the ISO shall have the right to adjust accordingly the schedule for Capacity and Energy to be received and to be delivered.