

2.12 Back-Up Operation

2.12.1 Back-Up Operation Procedures:

The ISO shall maintain Back-Up Operation procedures that will carry out the intent and purposes of this ISO OATT, to the extent practical, in circumstances under which the normal communications or computer systems of the ISO are not fully functional. Such procedures shall include testing requirements and training for the ISO staff, and Transmission Owners. If a communication or computer system malfunction results in the ISO's inability to operate the NYCA in accordance with ISO Procedures or under approved testing procedures, the ISO will direct the Transmission Owners to assume the responsibility to operate their respective systems, including facilities that a Transmission Owner has agreed to operate in accordance with an operation and maintenance agreement, in accordance with Good Utility Practice to facilitate the operation of the NYCA in a safe and reliable manner.

The Transmission Owners will continue to operate their respective systems, including facilities that a Transmission Owner has agreed to operate in accordance with an operation and maintenance agreement, until such time that the ISO is ready to resume control. During Back-Up Operation, the Transmission Owner control centers will operate to maintain the Desired Net Interchange ("DNI") within each Transmission District. Generator Bid curves will be provided by the ISO to the individual Transmission Owners in order to permit dispatch by the Transmission Owners, subject to the Transmission Owner code of conduct to the extent applicable. Normal Day-Ahead Market and Real-Time Market operations may be halted if required.

2.12.2 Market Participant and Transmission Customer Obligations:

During Back-Up Operation, Transmission Customers and other Market Participants shall

comply with any and all instructions and orders issued by the ISO or the Transmission Owners.

2.12.3 Billing and Settlement:

In the event that Back-Up Operation is implemented, the billing and settlement procedures contained in Section 2.7 of this ISO OATT shall apply only to the extent they can be implemented by the Back-Up Operation procedures. The ISO will develop and apply as necessary modified billing and settlement procedures for use under the specific circumstances that required Back-Up Operation. The ISO shall gather necessary information, manually reconstruct the billing information as soon as practical, and submit invoices to Transmission Customers. The ISO shall be under no obligation to comply with the billing procedure time limits specified in Article 2.7. Neither the ISO nor the Transmission Owners shall be liable, under any circumstances, for any economic losses suffered by any Transmission Customer, Market Participant, or third party, resulting from the implementation by the ISO of Back-Up Operation or from compliance with orders issued by the ISO or Transmission Owners that were necessary to operate the NYCA in a safe and reliable manner. Such orders may include, without limitation, instructions to generation facilities to increase or decrease output, and instructions to Load to reduce or interrupt service.