Attachment VI

2.9 Definitions - I

ICAP Demand Curve: A series of prices which decline until reaching zero as the amount of Installed Capacity increases.

ICAP Demand Curve Reset Filing Year: A calendar year in which the ISO files ICAP Demand Curves, in accordance with Section 5.14.1.2.1.11 or Section 5.14.1.2.2.4.11.

ICAP Ineligible Forced Outage: The outage state of a Market Participant's Generator after: i) the expiration or termination of its Forced Outage pursuant to the provisions in Section 5.18.1.6 of this Services Tariff, which Forced Outage started on or after May 1, 2015; ii) the Market Participant voluntarily reclassified its Forced Outage pursuant to the provisions in Section 5.18.2.1 of this Services Tariff, which Forced Outage started on or after May 1, 2015; or iii) substantial actions have been taken, such as dismantling or disabling essential equipment, which actions are inconsistent with an intention to return the Generator to operation and the Energy market. A Generator in an ICAP Ineligible Forced Outage is subject to the return-to-service provisions in Section 5.18.4 of this Services Tariff and is ineligible to participate in the Installed Capacity market.

ICAP Spot Market Auction: An auction conducted pursuant to Section 5.14.1.1 of this Tariff to procure and set LSE Unforced Capacity Obligations for the subsequent Obligation Procurement Period, pursuant to the Demand Curves applicable to each respective LSE and the supply that is offered.

Import Credit Requirement: A component of the External Transaction Component of the Operating Requirement, calculated in accordance with Section 26.4.2 of Attachment K to this Services Tariff.

Import Curtailment Guarantee Payment: A payment made in accordance with Section 4.5.3.2 and Attachment J of this 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 LBMP Revenue: Revenue developed for calculating a Generator or Import Bid Production Cost guarantee, for any interval, which equals the product of (i) the Bilateral Transaction scheduled MW in the Day-Ahead Market or real-time market, as appropriate, from the Generator bus or Proxy Generator Bus, as appropriate, for the interval, (ii) the LBMP, in units of $/MWh, either Day-Ahead or real-time as appropriate, at the Generator or Proxy Generator Bus for that interval and (iii) the length of the interval, in units of hours.

Inactive Reserves: The outage state in which a Market Participant's Generator is unavailable to produce Energy for a limited period of time not to exceed six months, for reasons that are not equipment related, which state does not meet the criteria to be classified as any other outage pursuant to the provisions of this Services Tariff or of ISO Procedures. A Generator in Inactive Reserves is ineligible to participate in the Installed Capacity market.

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.

In-City: Located electrically within the New York City Locality (LBMP Load Zone J).

Incremental Average Coincident Load ("Incremental ACL"): Beginning with the Summer 2014 Capability Period, the amount of qualifying Load that may be added to the Average Coincident Load of a Special Case Resource. In order to qualify to use Incremental ACL the SCR must enroll with an ACL and report an increase in the Load of the facility that is supplied by the NYS Transmission System and/or distribution system that meets or exceeds the SCR Load Change Reporting Threshold in accordance with this Services Tariff. The Incremental ACL reported in a Capability Period cannot exceed one-hundred percent (100%) of the ACL that has been calculated for the SCR when it first enrolls in the Capability Period. For resources reporting an Incremental ACL, the Net Average Coincident Load shall equal the enrolled ACL plus the reported Incremental ACL less any applicable SCR Change of Status. Each resource for which a RIP reports an Incremental ACL is subject to verification subsequent to the Capability Period pursuant to reporting requirements and calculations using the SCR's metered Load values provided in Section 5.12.11.1.5 of this Services Tariff and ISO Procedures.

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 the ISO OATT.

Independent System Operator ("ISO"): The New York Independent System Operator, Inc., 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 Member Systems transferred to the ISO Operational Control over designated transmission facilities.

Indicative NCZ Locational Minimum Installed Capacity Requirement: The amount of capacity that must be electrically located within a New Capacity Zone, or possess an approved Unforced Capacity Deliverability Right, in order to ensure that sufficient Energy and Capacity are available in that NCZ and that appropriate reliability criteria are met.

Installed Capacity ("ICAP"): External or Internal Capacity, in increments of 100 kW, that is made-available pursuant to Tariff requirements and ISO Procedures.

Installed Capacity Equivalent: The Resource capability that corresponds to its Unforced Capacity, calculated in accordance with ISO Procedures.

Installed Capacity Marketer: An entity which has signed this Tariff and which purchases Unforced Capacity from qualified Installed Capacity Suppliers, or from LSEs with excess Unforced Capacity, either bilaterally or through an ISO-administered auction. Installed Capacity Marketers that purchase Unforced Capacity through an ISO-administered auction may only resell Unforced Capacity purchased in such auctions in the NYCA.

Installed Capacity Supplier: An Energy Limited Resource, Generator, Installed Capacity Marketer, Responsible Interface Party, Intermittent Power Resource, Limited Control Run of River Hydro Resource, municipally-owned generation, System Resource or Control Area System Resource that satisfies the ISO's qualification requirements for supplying Unforced Capacity to the NYCA.

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, 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: A Customer that meets the criteria set forth in Section 26.3 of Attachment K to this 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 or auction administered by the ISO.

ISO-Committed Fixed: In the Day-Ahead Market, 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 or 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 and the Market Monitoring Unit that is designed to monitor the possible exercise of market power in ISO Administered Markets.

ISO OATT: 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 ISO/TO Agreement, the NYSRC Agreement, the ISO/NYSRC Agreement, and the Operating Agreements.

ISO Services Tariff (the "Tariff"): The ISO Market Administration and Control Area Services Tariff.

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

17.5 Congestion Settlements Related To the Day-Ahead Market and TCC Auction Settlements

17.5.1 Overview and Definitions

17.5.1.1 Overview

This Part 17.5 of this Attachment B describes the Congestion settlements related to the Day-Ahead Market and the settlements related to Centralized TCC Auctions and Reconfiguration Auctions. Congestion Rent settlements for Real-Time Market Energy Transactions or Bilateral Transactions scheduled in the Real-Time Market are not addressed in this Part 17.5 of this Attachment B.

Section 17.5.2 addresses the Congestion settlements related to each hour of the Day-Ahead Market. These settlements include, as applicable pursuant to this Part 17.5 of this Attachment B, charges or payments for Congestion Rents for Energy Transactions in the Day-Ahead Market and for Bilateral Transactions scheduled in the Day-Ahead Market, and settlements with Primary Holders of TCCs. In addition, these settlements include, as applicable pursuant to this Part 17.5 of this Attachment B, O/R-t-S Congestion Rent Shortfall Charges, U/D Congestion Rent Shortfall Charges, O/R-t-S Congestion Rent Surplus Payments, and U/D Congestion Rent Surplus Payments. The ISO shall allocate to Transmission Owners the net of all of these settlements as Net Congestion Rents as described in this Part 17.5 of this Attachment B.

Section 17.5.3 addresses the settlements in each round of each Centralized TCC Auction and in each Reconfiguration Auction. These settlements include, as applicable pursuant to this Part 17.5 of this Attachment B, charges or payments to purchasers of TCCs, charges or payments to Primary Holders selling TCCs, payments to Transmission Owners in a Centralized TCC Auction for ETCNL released into the Centralized TCC Auction, and payments to Transmission

Owners for Original Residual TCCs that are released into the Centralized TCC Auction. In addition, these settlements include, as applicable pursuant to this Part 17.5 of this Attachment B, O/R-t-S Auction Revenue Shortfall Charges, U/D Auction Revenue Shortfall Charges, O/R-t-S Auction Revenue Surplus Payments, and U/D Auction Revenue Surplus Payments. The ISO shall allocate to Transmission Owners the net of all of these settlements as Net Auction Revenue as described in this Part 17.5 of this Attachment B.

Section 17.5.4 addresses the allocation of revenue from the initial award and annual renewals of Historic Fixed Price TCCs. The ISO shall allocate such revenues to Transmission Owners as described in this Part 17.5 of this Attachment B.

Provisions of this Part 17.5 of this Attachment B applicable to a transmission facility outage or return-to-service shall not apply to a transmission facility derating or uprating. Charges and payments under this Part 17.5 of this Attachment B shall be made to a Transmission Owner for a transmission facility derating or uprating only as specified in Sections 17.5.2.4.3 and 17.5.3.6.3.

Unless expressly provided for otherwise in the ISO Tariffs, such as in a rate schedule, this Part 17.5 of this Attachment B shall apply to the Member Systems. This Part 17.5 of this Attachment B shall only apply to Transmission Owners other than the Member Systems to the extent that the ISO Tariffs, such as in a rate schedule, do not provide otherwise.

17.5.1.2 Defined Terms Used in Part 17.5 of this Attachment B

Capitalized terms used in this Part 17.5 of this Attachment B shall have the meaning specified below in this Section 17.5.1.2, and capitalized terms used in this Part 17.5 of this Attachment B but not defined below shall have the meaning given to them in Section 2 of the Services Tariff:

Actual Qualifying Auction Derating: As defined in Section 17.5.3.6.3.1.

Actual Qualifying Auction Outage: As defined in Section 17.5.3.6.2.1.

Actual Qualifying Auction Return-to-Service: As defined in Section 17.5.3.6.2.1.

Actual Qualifying Auction Uprating: As defined in Section 17.5.3.6.3.1.

Actual Qualifying DAM Derating: As defined in Section 17.5.2.4.3.1.

Actual Qualifying DAM Outage: As defined in Section 17.5.2.4.2.1.

Actual Qualifying DAM Return-to-Service: As defined in Section 17.5.2.4.2.1.

Actual Qualifying DAM Uprating: As defined in Section 17.5.2.4.3.1.

Auction Status Change: Any of the following: Qualifying Auction Outage, Qualifying Auction Derating, Qualifying Auction Return-to-Service, or Qualifying Auction Uprating.

Centralized TCC Auction Interface Uprate/Derate Table: The interface derate table posted on the ISO website prior to a given Centralized TCC Auction specifying the impact on transfer limits of Qualifying DAM Outages and Qualifying DAM Returns-to-Service for a sub-auction of a Centralized TCC Auction.

DAM Constraint Residual: The dollar value associated with a Constraint that is binding for an hour of the Day-Ahead Market, which is calculated pursuant to Section 17.5.2.4.1.

DAM Status Change: Any of the following: Qualifying DAM Outage, Qualifying DAM Derating, Qualifying DAM Return-to-Service, or Qualifying DAM Uprating.

DCR Allocation Threshold: Five thousand dollars ($5,000), except that this amount shall be reduced for any given month to the extent necessary so that the sum of all DAM Constraint Residuals for the month (for all binding constraints and for all hours of the month) that are less than the DCR Allocation Threshold is not greater than either two hundred and fifty thousand dollars ($250,000) or five percent (5%) of the sum of all DAM Constraint Residuals for the month (for all binding constraints and for all hours of the month) that would have been calculated if the DCR Allocation Threshold were set equal to zero.

Deemed Qualifying Auction Derating: As defined in Section 17.5.3.6.3.1.

Deemed Qualifying Auction Outage: As defined in Section 17.5.3.6.2.1.

Deemed Qualifying Auction Return-to-Service: As defined in Section 17.5.3.6.2.1.

Deemed Qualifying Auction Uprating: As defined in Section 17.5.3.6.3.1.

Deemed ISO-Directed Auction Status Change: Any of the following: (1) an Actual Qualifying Auction Return-to-Service for a Reconfiguration Auction that occurs for a transmission facility that, in the last 6-month sub-auction held for TCCs valid during the month corresponding to the

relevant Reconfiguration Auction, was a Qualifying Auction Outage that qualified as an ISO-Directed Auction Status Change; (2) an Actual Qualifying Auction Uprating for a Reconfiguration Auction that occurs as a result of an Actual Qualifying Auction Outage or an Actual Qualifying Auction Return-to-Service of a transmission facility that, in the last 6-month sub-auction held for TCCs valid during the month corresponding to the relevant Reconfiguration Auction, qualified as a Qualifying Auction Outage or Qualifying Auction Return-to-Service that was an ISO-Directed Auction Status Change; or (3) an Actual Qualifying Auction Derating for a Reconfiguration Auction that occurs as a result of an Actual Qualifying Auction Outage or an Actual Qualifying Auction Return-to-Service of a transmission facility that, in the last 6-month sub-auction held for TCCs valid during the month corresponding to the relevant Reconfiguration Auction, qualified as an Actual Qualifying Auction Outage or an Actual Qualifying Auction Return-to-Service that was an ISO-Directed Auction Status Change.

Deemed ISO-Directed DAM Status Change: Any of the following: (1) an Actual Qualifying DAM Return-to-Service for an hour of the Day-Ahead Market that occurs for a transmission facility that, in the last Reconfiguration Auction held for TCCs valid for the relevant hour or the last 6-month sub-auction of a Centralized TCC Auction held for TCCs valid for the relevant hour, was an Actual Qualifying Auction Outage that qualified as an ISO-Directed Auction Status Change; (2) an Actual Qualifying DAM Uprating for an hour of the Day-Ahead Market that occurs for a transmission facility that, in the last Reconfiguration Auction held for TCCs valid for the relevant hour or the last 6-month sub-auction of a Centralized TCC Auction held for TCCs valid for the relevant hour, qualified as an Actual Qualifying Auction Outage or an Actual Qualifying Auction Return-to-Service that was an ISO-Directed Auction Status Change; or (3) an Actual Qualifying DAM Derating for an hour of the Day-Ahead Market that occurs for a transmission facility that, in the last Reconfiguration Auction held for TCCs valid for the relevant hour or the last 6-month sub-auction of a Centralized TCC Auction held for TCCs valid for the relevant hour, qualified as an Actual Qualifying Auction Outage or an Actual Qualifying Auction Return-to-Service that was an ISO-Directed Auction Status Change. (The terms "Actual Qualifying Auction Outage" and "ISO-Directed Auction Status Change" shall, if not defined in this Section 17.5.1.2, have the meaning given in the ISO's March 17, 2006, filing.)

Deemed Qualifying DAM Derating: As defined in Section 17.5.2.4.3.1.

Deemed Qualifying DAM Outage: As defined in Section 17.5.2.4.2.1.

Deemed Qualifying DAM Return-to-Service: As defined in Section 17.5.2.4.2.1.

Deemed Qualifying DAM Uprating: As defined in Section 17.5.2.4.3.1.

ISO-Directed Auction Status Change: Either of the following: (1) an Actual Qualifying Auction Outage for a Reconfiguration Auction or a round of a Centralized TCC Auction that is directed by the ISO or results from an Actual Qualifying Auction Outage or an Actual Qualifying Auction Return-to-Service directed by the ISO; or (2) an Actual Qualifying Auction Derating or an Actual Qualifying Auction Uprating for a Reconfiguration Auction or a round of a Centralized TCC Auction that results from an Actual Qualifying Auction Outage directed by the ISO.

ISO-Directed DAM Status Change: Either of the following: (1) an Actual Qualifying DAM Outage for an hour of the Day-Ahead Market that is directed by the ISO or results from an Actual Qualifying DAM Outage or an Actual Qualifying DAM Return-to-Service directed by the ISO; or (2) an Actual Qualifying DAM Derating or an Actual Qualifying DAM Uprating for an hour of the Day-Ahead Market that results from an Actual Qualifying DAM Outage directed by the ISO.

Normally Out-of-Service Equipment: Transmission facilities that are normally operated as out-of-service by mutual agreement of the transmission facility owner and the ISO and that appear on the list of such equipment posted on the ISO website.

Outage/Return-to-Service Auction Constraint Residual ("O/R-t-S Auction Constraint Residual"): The portion of an Auction Constraint Residual that is deemed to be attributable to Qualifying Auction Outages or Qualifying Auction Returns-to-Service, which O/R-t-S Auction Constraint Residual shall be calculated pursuant to Section 17.5.3.6.1.

Outage/Return-to-Service Auction Revenue Shortfall Charge ("O/R-t-S Auction Revenue Shortfall Charge"): A charge to a Transmission Owner that is created as a result of the allocation of an O/R-t-S Auction Constraint Residual pursuant to Section 17.5.3.6.2.

Outage/Return-to-Service Auction Revenue Surplus Payment ("O/R-t-S Auction Revenue Surplus Payment"): A payment to a Transmission Owner that is created as a result of the allocation of an O/R-t-S Auction Constraint Residual pursuant to Section 17.5.3.6.2.

Outage/Return-to-Service Congestion Rent Shortfall Charge ("O/R-t-S Congestion Rent Shortfall Charge"): A charge to a Transmission Owner that is created as a result of the allocation of an O/R-t-S DAM Constraint Residual pursuant to Section 17.5.2.4.2.

Outage/Return-to-Service Congestion Rent Surplus Payment ("O/R-t-S Congestion Rent Surplus Payment"): A payment to a Transmission Owner that is created as a result of the allocation of an O/R-t-S DAM Constraint Residual pursuant to Section 17.5.2.4.2.

Outage/Return-to-Service DAM Constraint Residual ("O/R-t-S DAM Constraint Residual"): The portion of a DAM Constraint Residual that is deemed to be attributable to Qualifying DAM Outages or Qualifying DAM Returns-to-Service, which O/R-t-S DAM Constraint Residual shall be calculated pursuant to Section 17.5.2.4.1.

Qualifying Auction Derating: As defined in Section 17.5.3.6.3.1.

Qualifying Auction Outage: As defined in Section 17.5.3.6.2.1.

Qualifying Auction Return-to-Service: As defined in Section 17.5.3.6.2.1.

Qualifying Auction Uprating: As defined in Section 17.53.6.3.1.

Qualifying DAM Derating: As defined in Section 17.5.2.4.3.1.

Qualifying DAM Outage: As defined in Section 17.5.2.4.2.1.

Qualifying DAM Return-to-Service: As defined in Section 17.5.2.4.2.1.

Qualifying DAM Uprating: As defined in Section 17.5.2.4.3.1.

Reconfiguration Auction Interface Uprate/Derate Table: The interface derate table posted on the ISO website prior to a Reconfiguration Auction specifying the impact on transfer limits of Qualifying DAM Outages and Qualifying DAM Returns-to-Service for the Reconfiguration Auction.

Uprate/Derate Auction Constraint Residual ("U/D Auction Constraint Residual"): The portion of an Auction Constraint Residual that is deemed to be attributable to Qualifying Auction Deratings or Qualifying Auction Upratings, which U/D Auction Constraint Residual shall be calculated pursuant to Section 17.5.3.6.1.

Uprate/Derate Auction Revenue Shortfall Charge ("U/D Auction Revenue Shortfall Charge"): A charge to a Transmission Owner that is created as a result of the allocation of a U/D Auction Constraint Residual pursuant to Section 17.5.3.6.3.

Uprate/Derate Auction Revenue Surplus Payment ("U/D Auction Revenue Surplus Payment"): A payment to a Transmission Owner that is created as a result of the allocation of a U/D Auction Constraint Residual pursuant to Section 17.5.3.6.3.

Uprate/Derate Congestion Rent Shortfall Charge ("U/D Congestion Rent Shortfall Charge"): A charge to a Transmission Owner that is created as a result of the allocation of a U/D DAM Constraint Residual pursuant to Section 17.5.2.4.3.

Uprate/Derate Congestion Rent Surplus Payment ("U/D Congestion Rent Surplus Payment"): A payment to a Transmission Owner that is created as a result of the allocation of a U/D DAM Constraint Residual pursuant to Section 17.5.2.4.3.

Uprate/Derate DAM Constraint Residual ("U/D DAM Constraint Residual"): The portion of a DAM Constraint Residual that is deemed to be attributable to a Qualifying DAM Derating or a Qualifying DAM Uprating, which U/D DAM Constraint Residual shall be calculated pursuant to Section 17.5.2.4.1.

For purposes of this Part 17.5 of this Attachment B, the term "transmission facility" shall mean any transmission line, phase angle regulator, transformer, series reactor, circuit breaker, or other type of transmission equipment.

All references in this Part 17.5 of this Attachment B to sections shall be construed to be references to a section of this Part 17.5 of this Attachment B.

17.5.2 Congestion Settlements Related to the Day-Ahead Market

17.5.2.1 Overview of Congestion Settlements Related to the Day-Ahead Market; Calculation of Net Congestion Rents

Overview of DAM Related Congestion Settlements. For each hour *h* of the Day-Ahead Market, the ISO shall settle all Congestion settlements related to the Day-Ahead Market. These Congestion settlements include, as applicable pursuant to the provisions of this Part 17.5 of this Attachment B: (i) Congestion Rent charges or payments for Energy Transactions in the Day-Ahead Market and Bilateral Transactions scheduled in the Day-Ahead Market; (ii) Congestion payments or charges to Primary Holders of TCCs; (iii) O/R-t-S Congestion Rent Shortfall Charges and U/D Congestion Rent Shortfall Charges; and (iv) O/R-t-S Congestion Rent Surplus Payments and U/D Congestion Rent Surplus Payments. Each of these settlements is represented by a variable in Formula B-1.

Calculation *of Net Congestion Rents for an Hour*. In each hour *h* of the Day-Ahead Market, the ISO shall calculate Net Congestion Rents pursuant to Formula B-1.

Formula B-1

$$NetCongestionRents_h = (Congestion\ Rents_h - TCC\ Payments_h - O/R\text{-}t\text{-}S\&U/D\ CRSC\&CRSP_h)$$

Where,

$Net\ Congestion\ Rents_h$	=	The total Net Congestion Rents for hour *h* of the Day-Ahead Market
h	=	An hour of the Day-Ahead Market
$Congestion\ Rents_h$	=	The sum of Congestion Rents for (i) Energy Transactions scheduled in hour *h* of the Day-Ahead Market, and (ii) Bilateral Transactions scheduled in hour *h* of the Day-Ahead Market, each as calculated pursuant to Section 17.5.2.2
$TCC\ Payments_h$	=	The sum for all TCCs of all payments and charges made pursuant to Section 17.5.2.3 to Primary Holders of TCCs in hour *h*

$O/R\text{-}t\text{-}S\&U/D\ CRSC\&CRSP_h$ = The sum of all O/R-t-S Congestion Rent Shortfall Charges (O/R-t-S $CRSC_{a,t,h}$), U/D Congestion Rent Shortfall Charges (U/D $CRSC_{a,t,h}$), O/R-t-S Congestion Rent Surplus Payments (O/R-t-S $CRSP_{a,t,h}$), and U/D Congestion Rent Surplus Payments (U/D $CRSP_{a,t,h}$) for all Transmission Owners *t* (which sum is calculated for each Transmission Owner as $NetDAMAllocations_{t,h}$ pursuant to Formula B-14), reduced by any zeroing out of such charges or payments pursuant to Section 17.5.2.4.5

The ISO shall allocate the Net Congestion Rents calculated in each hour to Transmission Owners pursuant to Section 17.5.2.5.

17.5.2.2 Congestion Rents Charged in the Day-Ahead Market

In each hour of the Day-Ahead Market, the ISO shall collect or pay Congestion Rents through Energy Transactions in the Day-Ahead Market and through Bilateral Transactions scheduled in the Day-Ahead Market.

Day-Ahead Market Energy Transactions. The ISO shall charge or pay Congestion Rents as part of the Congestion Component of the LBMP applicable to Energy injections and withdrawals scheduled in the Day-Ahead Market, as described in Part 17.1 of this Attachment B. The total Congestion Rents for all Energy Transactions scheduled in the Day-Ahead Market in hour *h* are calculated pursuant to Formula B-2.

Formula B-2

$$\sum_{W} \boldsymbol{MWh_{W,h} * CCPOW_{W,h}} - \sum_{I} \boldsymbol{MWh_{I,h} * CCPOI_{I,h}}$$

Where,

$MWh_{W,h}$ = Energy, in MWh, scheduled to be withdrawn in hour *h* pursuant to Day-Ahead Market schedule *W*

$CCPOW_{W,h}$ = Congestion Component, in $/MWh, at the Point of Withdrawal for Energy withdrawn in hour *h* pursuant to schedule *W*

$MWh_{I,h}$ = Energy, in MWh, scheduled to be injected in hour *h* pursuant to Day-Ahead Market schedule *I*

$CCPOI_{I,h}$ = Congestion Component, in $/MWh, at the Point of Injection for Energy injected in hour *h* pursuant to schedule *I*

Bilateral Transactions. The ISO shall charge or pay Congestion Rents as part of the Transmission Usage Charge applied to Bilateral Transaction *B* scheduled in the Day-Ahead Market, as described in Section 2.7.2.2 of the OATT. Total Congestion Rents for all Bilateral Transactions scheduled in the Day-Ahead Market in hour *h* are calculated pursuant to Formula B-3.

Formula B-3

$$\sum_{B} \boldsymbol{MWh_{B,h} * CCTUC_{B,h}}$$

Where,

$MWh_{B,h}$ = Energy, in MWh, of Bilateral Transaction *B* scheduled in the Day-Ahead Market in hour *h*

$CCTUC_{B,h}$ = Congestion Component of the TUC, in $/MWh, for scheduled Bilateral Transaction *B*, in hour *h*, which is equal to $CCPOW_{B,h} - CCPOI_{B,h}$

$CCPOW_{B,h}$ = Congestion Component, in $/MWh, at the Point of Withdrawal for Energy withdrawn in hour *h* pursuant to Bilateral Transaction *B*

$CCPOI_{B,h}$ = Congestion Component, in $/MWh, at the Point of Injection for Energy injected in hour *h* pursuant to Bilateral Transaction *B*

17.5.2.3 Congestion Payments Made To Primary Holders

For each hour *h* of the Day-Ahead Market, the ISO shall charge or pay Congestion payments to the Primary Holders, as follows:

Formula B-4

$$Congestion\ Payment\ (\$/\text{hr}) = (CCPOW - CCPOI) * TCCMW$$

Where,

$CCPOW$ = Congestion Component ($/MWh) at the Point of Withdrawal (*POW*)

$CCPOI$ = Congestion Component ($/MWh) at the Point of Injection (*POI*)

$TCCMW$ = The number of TCCs in MW from *POI* to *POW*

(See Part 17.1 of this Attachment B for the calculation of the Congestion Component of the LBMP price at either the POI or the POW.)

The ISO shall pay Primary Holders for the Congestion payments from revenues collected from: (i) Congestion Rents, (ii) O/R-t-S Congestion Rent Shortfall Charges and U/D Congestion Rent Shortfall Charges, and (iii) Net Congestion Rents in accordance with Section 17.5.2.5.

The ISO shall assess a "Shortfall Reimbursement Surcharge" each month on monthly net positive Congestion payments to Primary Holders of TCCs sold in or after the Autumn 2004 Centralized TCC Auction. The Shortfall Reimbursement Surcharge shall be 0.5% of Congestion payments associated with TCCs that have a Point of Withdrawal outside of Load Zone J and 2.5% of Congestion payments associated with TCCs that have a Point of Withdrawal at, or inside of, Load Zone J.

The Shortfall Reimbursement Surcharge shall not be assessed on Congestion payments to Primary Holders of TCCs that produce net negative Congestion payments, *i.e.,* that oblige the Primary Holder to make payments, in a given month, on Congestion payments to Primary Holders of Grandfathered TCCs, or on Congestion payments to Primary Holders of ETCNL TCCs or RCRR TCCs. The Shortfall Reimbursement Surcharge also shall not be assessed on Congestion payments to Primary Holders of TCCs sold before the Autumn 2004 Centralized TCC Auction, except to the extent that such TCCs are unbundled or reconfigured at the request

of a Primary Holder, and sold, in or after that auction, in which case the Congestion payments associated with them shall be subject to the Shortfall Reimbursement Surcharge.

The ISO shall cease to impose the Shortfall Reimbursement Surcharge when it has collected sufficient funds to: (i) pay refunds for all of the "Historic Shortfall" plus interest pursuant to Article III of the July 13, 2004 Settlement Agreement that was approved by the Commission in Docket Nos. EL04-110, EL04-113, EL04-115, and ER04-983; and (ii) replenished the ISO Working Capital Fund pursuant to Article IV of that Settlement Agreement.

17.5.2.4 Charges and Payments to Transmission Owners for DAM Outages and Returns-to-Service

The ISO shall charge O/R-t-S Congestion Rent Shortfall Charges and U/D Congestion Rent Shortfall Charges and pay O/R-t-S Congestion Rent Surplus Payments and U/D Congestion Rent Surplus Payments pursuant to this Section 17.5.2.4. To do so, the ISO shall calculate the DAM Constraint Residual for each binding constraint for each hour of the Day-Ahead Market and then determine the amount of each DAM Constraint Residual that is O/R-t-S DAM Constraint Residual and the amount that is U/D DAM Constraint Residual, as specified in Section 17.5.2.4.1. The ISO shall use the O/R-t-S DAM Constraint Residual to allocate O/R-t-S Congestion Rent Shortfall Charges and O/R-t-S Congestion Rent Surplus Payments to Transmission Owners pursuant to Sections 17.5.2.4.2 and 17.5.2.4.4, each of which shall be subject to being reduced to zero pursuant to Section 17.5.2.4.5. The ISO shall use the U/D DAM Constraint Residual to allocate U/D Congestion Rent Shortfall Charges and U/D Congestion Rent Surplus Payments to Transmission Owners pursuant to Sections 17.5.2.4.3 and 17.5.2.4.4, each of which shall be subject to being reduced to zero pursuant to Section 17.5.2.4.5.

17.5.2.4.1 Measuring the Impact of DAM Outages and Returns-to-Service: Calculation of DAM Constraint Residuals and Division of DAM Constraint Residuals into O/R-t-S DAM Constraint Residuals and U/D DAM Constraint Residuals

For each hour *h* of the Day-Ahead Market, the ISO shall identify all constraints that are binding in the Power Flow solution for the final schedules for hour *h* of the Day-Ahead Market. For each binding constraint *a* identified for each hour *h*, the ISO shall calculate the DAM Constraint Residual, $DCR_{a,h}$, using Formula B-5; *provided, however*, where $DCR_{a,h}$ calculated using Formula B-5 is not greater than the DCR Allocation Threshold or less than the negative of the DCR Allocation Threshold, then $DCR_{a,h}$ shall be set equal to zero.

Formula B-5

$$DCR_{a,h} = ShadowPrice_{a,h} * \begin{bmatrix} (FLOW_{a,h,DAM} - FLOW_{a,h,TCCAuction}) \\ + (UprateDerate_{a,h} * SCUCSignChange_{a,h}) \\ + (UnsoldCapacity_{a,h,RA} * SCUCSignChange_{a,h}) \end{bmatrix}$$

Where,

$DCR_{a,h}$ = The DAM Constraint Residual, in dollars, for binding constraint *a* in hour *h* of the Day-Ahead Market

$ShadowPrice_{a,h}$ = The Shadow Price, in dollars/MWh, of binding constraint *a* in hour *h* of the Day-Ahead Market, which Shadow Price is calculated in a manner so that if relaxation of constraint *a* would permit a reduction in the associated Bid Production Cost, $ShadowPrice_{a,h}$ is negative

$FLOW_{a,h,DAM}$ = The Energy flow, in MWh, on binding constraint *a* for hour *h* for a set of injections and withdrawals that corresponds[1] to the set of TCCs and Grandfathered Rights represented in the solution to the most recent auction in which TCCs valid in hour *h* were sold (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction), which Energy flow will be determined using Shift Factors produced in scheduling hour *h* of the Day-Ahead Market applied to these injections and withdrawals and the phase angle regulator schedules fixed in the last auction held for TCCs valid for hour

[1] A set of injections and withdrawals corresponds to a set of TCCs and Grandfathered Rights if the quantity of Energy injected at each location matches the number of TCCs and Grandfathered Rights specifying that location as a POI, and the quantity of Energy withdrawn at each location matches the number of TCCs and Grandfathered Rights specifying that location as a POW.

h

$FLOW_{a,h,TCCAuction}$ = The Energy flow, in MWh, on binding constraint *a* for hour *h* determined as described in the definition of $FLOW_{a,h,DAM}$ above, except that the Shift Factors applied will be those produced in a simulated run of SCUC (run using the Transmission System model used in the most recent auction in which TCCs valid in hour *h* were sold);

provided, however, special rules (1) through (3) below shall instead be used to calculate $FLOW_{a,h,TCC\ Auction}$ if they apply, and rule (4) below shall be used to calculate $FLOW_{a,h,TCC\ Auction}$ if $FLOW_{a,h,TCC\ Auction}$ cannot be calculated using any other rule set forth in this definition of $FLOW_{a,h,TCC\ Auction}$ because a simulated run of SCUC does not produce Shift Factors to calculate $FLOW_{a,h,TCC\ Auction}$:

(1) in the event that a maintenance contingency is binding in the Day-Ahead Market but was not applied in the most recent auction in which TCCs valid in hour *h* were sold, $FLOW_{a,h,TCC\ Auction}$ shall be equal to the Energy flow in MWh on the monitored transmission facility of binding constraint *a* for the contingency resulting in the highest flows on constraint *a* in the most recent auction in which TCCs valid in hour *h* were sold, which Energy flow shall be calculated using the set of injections and withdrawals that corresponds to the set of TCCs and Grandfathered Rights represented in the solution to that auction (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction) and using Shift Factors from a simulated run of SCUC as first set forth in this definition of $FLOW_{a,h,TCC\ Auction}$

(2) in the event that the monitored transmission facility for constraint *a* was modeled as out-of-service in the most recent auction in which TCCs valid in hour *h* were sold and that transmission facility returns to service for hour *h* of the Day-Ahead Market, $FLOW_{a,h,TCC\ Auction}$ shall be equal to:

(i) the rating limit, in MWh, for the monitored transmission facility of binding constraint *a* applicable in hour *h* of the Day-Ahead Market, multiplied by

(ii) negative $SCUCSignChange_{a,h}$

(3) in the event that the transmission facility that is the contingency element for constraint *a* was modeled as out-of-service in the most recent auction in which TCCs valid in hour *h* were sold and that transmission facility returns to service for hour *h* of the Day-Ahead Market, $FLOW_{a,h,TCC\ Auction}$ shall be equal to the Energy flow, in MWh, on the monitored transmission facility of binding constraint *a* for the contingency resulting in the highest flows on the monitored transmission facility of constraint *a* in the most recent auction in which TCCs valid in hour *h* were sold, which Energy flow shall be calculated using the set of injections and withdrawals that corresponds to the set of TCCs and Grandfathered Rights represented in the solution to that auction (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction) and using Shift Factors from a simulated run of SCUC as first set forth in this definition of $FLOW_{a,h,TCC\ Auction}$

(4) in the event that a simulated run of SCUC does not produce Shift Factors to calculate $FLOW_{a,h,TCC\ Auction}$, $FLOW_{a,h,TCC\ Auction}$ shall be equal to:

(i) the Energy flow on constraint *a* as determined in the most recent auction in which TCCs valid in hour *h* were sold, multiplied by

(ii) $OPF/SCUCAdjust_a$

$UprateDerate_{a,h}$ = Zero, except that in the event of a Qualifying DAM Uprating or Qualifying DAM Derating for constraint *a* in hour *h* that is included in the Reconfiguration Auction Interface Uprate/Derate Table in effect for the Reconfiguration Auction

		in which TCCs valid in hour *h* were sold (or if no Reconfiguration Auction was held for TCCs valid in hour *h*, then the Centralized TCC Auction Interface Uprate/Derate Table in effect for the last Centralized TCC Auction), $UprateDerate_{a,h}$ shall equal the interface uprating or derating impact reflected in such table. Notwithstanding the definition above, $UprateDerate_{a,h}$ shall always equal zero in the event that the monitored transmission facility for binding constraint *a* in the Day-Ahead Market was modeled as out-of-service in the most recent auction in which TCCs valid in hour *h* were sold and that transmission facility returns to service for hour *h*.
$UnsoldCapacity_{a,h,RA}$	=	Zero, except that if $ShadowPrice_{a,h} * (FLOW_{a,h,DAM} - FLOW_{a,h,TCCAuction}) + (UprateDerate_{a,h} * SCUCSignChange_{a,h})$ is less than zero, then $UnsoldCapacity_{a,h,RA}$ shall be equal to the lesser of (1) the amount of transmission Capacity for constraint *a* that was available for sale in the most recent auction in which TCCs valid in hour *h* were sold but which transmission Capacity was not sold; or (2) the absolute value of $(FLOW_{a,h,DAM} - FLOW_{a,h,TCCAuction}) + (UprateDerate_{a,h} * SCUCSignChange_{a,h})$
$SCUCSignChange_{a,h}$	=	1 if $ShadowPrice_{a,h}$ is greater than zero; otherwise, -1
$OPF/SCUCAdjust_a$	=	1 if the directional orientation of constraint *a* used by the ISO in SCUC is the same as that used by the ISO in the Optimal Power Flow program used to select winning Bids in TCC auctions; otherwise, -1

Following calculation of the DAM Constraint Residual for each constraint *a* for each hour *h*, the ISO shall calculate the amount of each O/R-t-S DAM Constraint Residual and the amount of each U/D DAM Constraint Residual for each constraint *a* for each hour *h*. The amount of each O/R-t-S DAM Constraint Residual for hour *h* and for constraint *a* shall be determined by applying Formula B-6. The amount of each U/D DAM Constraint Residual for hour *h* and for constraint *a* shall be determined by applying Formula B-7.

Formula B-6

$$O/R\text{-}t\text{-}S\ DCR_{a,h} = DCR_{a,h} * \left[\frac{\left(FLOW_{a,h,DAM} - FLOW_{a,h,TCCAuction}\right)}{\left(FLOW_{a,h,DAM} - FLOW_{a,h,TCCAuction}\right) + \left(UprateDerate_{a,h} * SCUCSignChange_{a,h}\right)}\right]$$

Where,

O/R-t-S $DCR_{a,h}$ = The amount of the O/R-t-S DAM Constraint Residual, in dollars, for hour *h* and for constraint *a*

and each of the other variables are as defined in Formula B-5.

Formula B-7

$$U/D\ DCR_{a,h} = DCR_{a,h} * \left[\frac{UprateDerate_{a,h} * SCUCSignChange_{a,h}}{\left(FLOW_{a,h,DAM} - FLOW_{a,h,TCCAuction}\right) + \left(UprateDerate_{a,h} * SCUCSignChange_{a,h}\right)}\right]$$

Where,

U/D $DCR_{a,h}$ = The amount of the U/D DAM Constraint Residual for hour *h* for constraint *a*

and each of the other variables are as defined in Formula B-5.

17.5.2.4.2 Charges and Payments for the Direct Impact of DAM Outages and Returns-to-Service

The ISO shall use O/R-t-S DAM Constraint Residuals to allocate O/R-t-S Congestion Rent Shortfall Charges and O/R-t-S Congestion Rent Surplus Payments, as the case may be, among Transmission Owners pursuant to this Section 17.5.2.4.2. Each O/R-t-S Congestion Rent Shortfall Charge and each O/R-t-S Congestion Rent Surplus Payment allocated to a Transmission Owner pursuant to this Section 17.5.2.4.2 is subject to being set equal to zero pursuant to Section 17.5.2.4.5.

17.5.2.4.2.1 Identification of Outages and Returns-to-Service Qualifying for Charges and Payments

For each hour of the Day-Ahead Market, the ISO shall identify each Qualifying DAM Outage and each Qualifying DAM Return-to-Service, as described below. The Transmission Owner responsible, as determined pursuant to Section 17.5.2.4.4, for a Qualifying DAM Outage or Qualifying DAM Return-to-Service shall be allocated an O/R-t-S Congestion Rent Shortfall Charge or an O/R-t-S Congestion Rent Surplus Payment pursuant to Sections 17.5.2.4.2.2 or 17.5.2.4.2.3.

17.5.2.4.2.1.1 Definition of Qualifying DAM Outage

A "**Qualifying DAM Outage**" shall be defined to mean either an Actual Qualifying DAM Outage or a Deemed Qualifying DAM Outage. For purposes of this Part 17.5 of this Attachment B, "*o*" shall refer to a single Qualifying DAM Outage.

An "**Actual Qualifying DAM Outage**" shall be defined as a transmission facility that, for a given hour *h* of the Day-Ahead Market, meets each of the following requirements:

(i) the facility exists but is not modeled as in-service for the Day-Ahead Market for hour *h*;

(ii) the facility existed and was modeled as in-service in the last auction held for TCCs valid for hour *h*; and

(iii) the facility was not Normally Out-of-Service Equipment at the time of the last auction held for TCCs valid for hour *h*.

A "**Deemed Qualifying DAM Outage**" shall be defined as a transmission facility that, for a given hour *h* of the Day-Ahead Market, meets each of the following requirements:

(i) the facility existed but was not modeled as in-service for the last auction held for TCCs valid for hour *h*;

(ii) the facility existed but was not modeled as in-service in hour *h* as a result of a DAM Status Change or external event described in Section 17.5.2.4.4.3 for which responsibility was assigned pursuant to Section 17.5.2.4.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner pursuant to Section 17.5.2.4.4) other than the Transmission Owner assigned responsibility for the facility not being modeled as in-service for the last auction held for TCCs valid for hour *h*;

(iii) the facility was not Normally Out-of-Service Equipment at the time of the last auction held for TCCs valid for hour *h*.

A transmission facility shall not qualify as an Actual Qualifying DAM Outage if the facility is modeled as in-service for hour *h* of the Day-Ahead Market as a result of a Transmission Owner's use of spare or alternative transmission equipment to bring the facility back in-service so long as the Transmission Owner has notified the ISO in advance of or contemporaneously with the use of such spare or alternative equipment and the estimated duration of its use.

17.5.2.4.2.1.2 Definition of Qualifying DAM Return-to-Service

A "**Qualifying DAM Return-to-Service**" shall be defined to mean either an Actual Qualifying DAM Return-to-Service or a Deemed Qualifying DAM Return-to-Service. For purposes of this Part 17.5 of this Attachment B, "*o*" shall refer to a single Qualifying DAM Return-to-Service.

An "**Actual Qualifying DAM Return-to-Service**" shall be defined as a transmission facility that, for a given hour *h* of the Day-Ahead Market, meets each of the following requirements:

(i) the facility exists and is modeled as in-service in the Day-Ahead Market for hour *h*;

(ii) the facility existed but was not modeled as in-service for the last auction held for TCCs valid for hour *h*; and

(iii) the facility was not Normally Out-of-Service Equipment at the time of the last auction held for TCCs valid for hour *h*.

A "**Deemed Qualifying DAM Return-to-Service**" shall be defined as a transmission facility that, for a given hour *h* of the Day-Ahead Market, meets each of the following requirements:

(i) the facility existed but was not modeled as in-service for the last auction held for TCCs valid for hour *h*;

(ii) the facility existed but was not modeled as in-service in the Day-Ahead Market for hour *h* as a result of a DAM Status Change or external event described in Section 17.5.2.4.4.3 for which responsibility is assigned pursuant to Section 17.5.2.4.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner pursuant to Section 17.5.2.4.4) other than the Transmission Owner assigned responsibility for the facility not being modeled as in-service for the last auction held for TCCs valid for hour *h*; and

(iii) the facility was not Normally Out-of-Service Equipment at the time of the last auction held for TCCs valid for hour *h*.

17.5.2.4.2.2 Allocation of an O/R-t-S DAM Constraint Residual When Only One Transmission Owner is Responsible for All of the Relevant Outages and Returns-to-Service

This Section 17.5.2.4.2.2 describes the allocation of an O/R-t-S DAM Constraint Residual for a given hour and a given constraint when only one Transmission Owner is responsible, as determined pursuant to Section 17.5.2.4.4, for all of the Qualifying DAM Outages and all of the Qualifying DAM Returns-to-Service for that hour that contribute to that constraint.

If the same Transmission Owner is responsible, as determined pursuant to Section 17.5.2.4.4, for all of the Qualifying DAM Outages *o* and Qualifying DAM Returns-to-Service *o* for hour *h* that contribute to constraint *a*, then the ISO shall allocate the O/R-t-S DAM Constraint Residual for that hour and that constraint, $O/R\text{-}t\text{-}S\ DCR_{a,h}$, to that Transmission Owner in the form of either: (i) an O/R-t-S Congestion Rent Shortfall Charge in the amount of $O/R\text{-}t\text{-}S\ DCR_{a,h}$ if $O/R\text{-}t\text{-}S\ DCR_{a,h}$ is negative, or (ii) an O/R-t-S Congestion Rent Surplus Payment in the amount of $O/R\text{-}t\text{-}S\ DCR_{a,h}$ if $O/R\text{-}t\text{-}S\ DCR_{a,h}$ is positive.

17.5.2.4.2.3 Allocation of an O/R-t-S DAM Constraint Residual When More Than One Transmission Owner is Responsible for the Relevant Outages and Returns-to-Service

This Section 17.5.2.4.2.3 describes the allocation of an O/R-t-S DAM Constraint Residual for a given hour and a given constraint when more than one Transmission Owner is responsible, as determined pursuant to Section 17.5.2.4.4, for the Qualifying DAM Outages and the Qualifying DAM Returns-to-Service for that hour that contribute to that constraint.

If more than one Transmission Owner is responsible, as determined pursuant to Section 17.5.2.4.4, for the Qualifying DAM Outages and the Qualifying DAM Returns-to-Service for hour *h* that contribute to constraint *a*, the ISO shall allocate the O/R-t-S DAM Constraint

Residual for constraint *a* for hour *h*, O/R-t-S $DCR_{a,h}$, in the form of an O/R-t-S Congestion Rent Shortfall Charge or O/R-t-S Congestion Rent Surplus Payment to the Transmission Owners responsible for the Qualifying DAM Outages *o* and Qualifying DAM Returns-to-Service *o* for hour *h* by first determining the net total impact on the constraint for hour *h* of all Qualifying DAM Outages and Qualifying DAM Returns-to-Service for hour *h* with an impact on the Energy flow across that constraint of 1 MWh or more by applying Formula B-8, and then applying either Formula B-9 or Formula B-10, as specified herein, to assess O/R-t-S Congestion Rent Shortfall Charges and O/R-t-S Congestion Rent Surplus Payments.

Formula B-8

$$O/R\text{-}t\text{-}S\ NetDAMImpact_{a,h} = \left(\sum_{for\ all\ o \in O_h} FlowImpact_{a,h,o} * ShadowPrice_{a,h} \right) * OPF/SCUCAdjust_a$$

Where,

$O/R\text{-}t\text{-}S\ NetDAMImpact_{a,h}$ = The net impact, in dollars, on constraint *a* in hour *h* of all Qualifying DAM Outages and Qualifying DAM Returns-to-Service for hour *h* having an impact of more than 1 MWh on Energy flow across constraint *a*; *provided, however*, $O/R\text{-}t\text{-}S\ NetDAMImpact_{a,h}$ shall be subject to recalculation as specified in the paragraph immediately following this Formula B-8

$FlowImpact_{a,h,o}$ = The Energy flow impact of a Qualifying DAM Outage *o* or Qualifying DAM Return-to-Service *o*, in MWh, on binding constraint *a* determined for hour *h*, which shall either:

(a) if Qualifying DAM Outage *o* is a Deemed Qualifying DAM Outage, be equal to the negative of $FlowImpact_{a,h,o}$ calculated for the corresponding Deemed Qualifying DAM Return-to-Service as described in part (b) of this definition of *FlowImpacta,h,o*; or

(b) if Qualifying DAM Outage *o* or Qualifying DAM Return-to-Service *o* is an Actual Qualifying DAM Outage, an Actual Qualifying DAM Return-to-Service,

or a Deemed Qualifying DAM Return-to-Service, be calculated pursuant to the following formula:

$$FlowImpact_{a,h,o} = One\text{-}OffFlow_{a,h,o} - BaseCaseFlow_{a,h}$$

Where,

$BaseCaseFlow_{a,h}$ = The Energy flow on binding constraint *a* resulting from a Power Flow or similar analysis using (1) the set of injections and withdrawals corresponding to the TCCs and Grandfathered Rights represented in the solution to the most recent auction in which TCCs valid in hour *h* were sold (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction); (2) the phase angle regulator schedule determined in the Optimal Power Flow solution for the final round of the last auction held for TCCs valid in hour *h*; and (3) the Transmission System model for the last auction held for TCCs valid in hour *h*;

$One\text{-}OffFlow_{a,h,o}$ = Either

(1) if Qualifying DAM Outage *o* or Qualifying DAM Return-to-Service *o* is an Actual Qualifying DAM Outage or an Actual Qualifying DAM Return-to-Service, the Energy flow on binding constraint *a* resulting from a Power Flow or similar analysis using each element of the base case data set used in the calculation of $BaseCaseFlow_{a,h}$ above (*provided, however*, if a transmission facility was modeled as free-flowing in hour *h* of the Day-Ahead Market because of the outage of any transmission facility, the ISO shall appropriately adjust the phase angle regulator schedule and related variables to model the transmission facility as free flowing), but in each case with the Transmission System model modified so as to, as the case may be, either (i) model as out-of-service Actual Qualifying DAM Outage *o*, or (ii) model as in-service Actual Qualifying DAM Return-to-Service *o*; or

(2) if Qualifying DAM Return-to-Service *o* is a Deemed Qualifying DAM Return-to-Service, the Energy flow on binding constraint *a* resulting from a Power Flow or similar analysis using each element of the base case data set used in the calculation of $BaseCaseFlow_{a,h}$ above (*provided, however,* if a transmission facility was modeled as free-flowing in hour *h* of the Day-Ahead Market because of the outage of any transmission facility, the ISO shall appropriately adjust the phase angle regulator schedule and related variables to model the transmission facility as free flowing), but with the Transmission System model modified so as to model as in-service the transmission facility that is Deemed Qualifying DAM Return-to-Service *o provided, however,* where the absolute value of $FlowImpact_{a,h,o}$ calculated using the procedures set forth above is less than 1 MWh, then $FlowImpact_{a,h,o}$ shall be set equal to zero; *provided further*, $FlowImpact_{a,h,o}$ shall be subject to being set equal to zero as specified in the paragraph immediately following this Formula B-8

O_h = The set of all Qualifying DAM Outages *o* and Qualifying DAM Returns-to-Service *o* in hour *h*

and the variables $ShadowPrice_{a,h}$ and $OPF/SCUCAdjust_a$ are defined as set forth in Formula B-5.

After calculating O/R-t-S $NetDAMImpact_{a,h}$ pursuant to Formula B-8, the ISO shall determine whether O/R-t-S $NetDAMImpact_{a,h}$ for constraint *a* in hour *h* has a different sign than O/R-t-S $DCR_{a,h}$ for constraint *a* in hour *h*. If the sign is different, the ISO shall (i) recalculate O/R-t-S $NetDAMImpact_{a,h}$ pursuant to Formula B-8 after setting equal to zero each $FlowImpact_{a,h,o}$ for which $FlowImpact_{a,h,o} * ShadowPrice_{a,h} * OPF/SCUCAdjust_a$ has a different sign than O/R-t-S $DCR_{a,h}$, and then (ii) use this recalculated O/R-t-S $NetDAMImpact_{a,h}$ and reset value of $FlowImpact_{a,h,o}$ to allocate O/R-t-S Congestion Rent Shortfall Charges and O/R-t-S

Congestion Rent Surplus Payments pursuant to Formula B-9 or Formula B-10, as specified below.

If the absolute value of the net impact (O/R-t-S $NetDAMImpact_{a,h}$) on constraint *a* of all Qualifying DAM Outages and Qualifying DAM Returns-to-Service for hour *h* as calculated using Formula B-8 (or recalculated pursuant to Formula B-8 using a reset value of $FlowImpact_{a,h,o}$ as described in the prior paragraph) is greater than the absolute value of the O/R-t-S DAM Constraint Residual (O/R-t-S $DCR_{a,h}$), in dollars, for constraint *a* in hour *h*, then the ISO shall allocate the O/R-t-S DAM Constraint Residual in the form of an O/R-t-S Congestion Rent Shortfall Charge, O/R-t-S $CRSC_{a,t,h}$, or O/R-t-S Congestion Rent Surplus Payment, O/R-t-S $CRSP_{a,t,h}$, by using Formula B-9. If the absolute value of the net impact (O/R-t-S $NetDAMImpact_{a,h}$) on constraint *a* of all Qualifying DAM Outages and Qualifying DAM Returns-to-Service for hour *h* as calculated using Formula B-8 (or recalculated pursuant to Formula B-8 using a reset value of $FlowImpact_{a,h,o}$ as described in the prior paragraph) is less than or equal to the absolute value of the O/R-t-S DAM Constraint Residual (O/R-t-S $DCR_{a,h}$), in dollars, for constraint *a* in hour *h*, then the ISO shall allocate the O/R-t-S DAM Constraint Residual in the form of an O/R-t-S Congestion Rent Shortfall Charge or O/R-t-S Congestion Rent Surplus Payment by using Formula B-10.

Formula B-9

$$O/R\text{-}t\text{-}S\ Allocation_{a,t,h} = \left(\frac{\sum_{\substack{o \in O_h \\ and\ q=t}} \left(FlowImpact_{a,h,o} * Responsibility_{h,q,o} \right)}{\sum_{for\ all\ o \in O_h} FlowImpact_{a,h,o}} \right) * O/R\text{-}t\text{-}S\ DCR_{a,h}$$

Where,

$O/R\text{-}t\text{-}S\ Allocation_{a,t,h}$ = Either an O/R-t-S Congestion Rent Shortfall Charge or an O/R-t-S Congestion Rent Surplus Payment, as specified in (a) and (b) below:

(a) If $O/R\text{-}t\text{-}S\ Allocation_{a,t,h}$ is negative, then $O/R\text{-}t\text{-}S\ Allocation_{a,t,h}$ shall be an O/R-t-S Congestion Rent Shortfall Charge, $O/R\text{-}t\text{-}S\ CRSC_{a,t,h}$, charged to Transmission Owner *t* for binding constraint *a* in hour *h* of the Day-Ahead Market; or

(b) If $O/R\text{-}t\text{-}S\ Allocation_{a,t,h}$ is positive, then $O/R\text{-}t\text{-}S\ Allocation_{a,t,h}$ shall be an O/R-t-S Congestion Rent Surplus Payment, $O/R\text{-}t\text{-}S\ CRSP_{a,t,h}$, paid to Transmission Owner *t* for binding constraint *a* in hour *h* of the Day-Ahead Market

$Responsibility_{h,q,o}$ = The amount, as a percentage, of responsibility borne by Transmission Owner *q* (which shall include the ISO when it is deemed a Transmission Owner for the purpose of applying Sections 17.5.2.4.4.2, 17.5.2.4.4.3, or 17.5.2.4.4.4) for Qualifying DAM Outage *o* or Qualifying DAM Return-to-Service *o* in hour *h*, as determined pursuant to Section 17.5.2.4.4

and the variable $O/R\text{-}t\text{-}S\ DCR_{a,h}$ is defined as set forth in Formula B-6 and the variables $FlowImpact_{a,h,o}$ and O_h are defined as set forth in Formula B-8.

Formula B-10

$$O/R\text{-}t\text{-}S\ Allocation_{a,t,h} = \left(\sum_{\substack{o \in O_h \\ and\ q=t}} FlowImpact_{a,h,o} * ShadowPrice_{a,h} * Responsibility_{h,q,o} \right) * OPF/SCUCAdjust_a$$

Where, the variables $ShadowPrice_{a,h}$ and $OPF/SCUCAdjust_a$ are defined as set forth in Formula B-5, the variables $O/R\text{-}t\text{-}S\ Allocation_{a,t,h}$ and $Responsibility_{h,q,o}$ are defined as set forth in Formula B-9, and the variables $FlowImpact_{a,h,o}$ and O_h are defined as set forth in Formula B-8.

17.5.2.4.3 Charges and Payments for the Secondary Impact of DAM Outages and Returns-to-Service

The ISO shall use U/D DAM Constraint Residuals to allocate U/D Congestion Rent Shortfall Charges and U/D Congestion Rent Surplus Payments, as the case may be, among Transmission Owners pursuant to this Section 17.5.2.4.3. Each U/D Congestion Rent Shortfall Charge and each U/D Congestion Rent Surplus Payment allocated to a Transmission Owner

pursuant to this Section 17.5.2.4.3 is subject to being set equal to zero pursuant to Section 17.5.2.4.5.

17.5.2.4.3.1 Identification of Upratings and Deratings Qualifying for Charges and Payments

For each hour of the Day-Ahead Market and for each constraint, the ISO shall identify each Qualifying DAM Derating and each Qualifying DAM Uprating, as described below. The Transmission Owner responsible, as determined pursuant to Section 17.5.2.4.4, for the Qualifying DAM Derating shall be allocated a U/D Congestion Rent Shortfall Charge and the Transmission Owner responsible, as determined pursuant to Section 17.5.2.4.4, for the Qualifying DAM Uprating shall be allocated a U/D Congestion Rent Surplus Payment pursuant to Section 17.5.2.4.3.2.

17.5.2.4.3.1.1 Definition of Qualifying DAM Derating

A "**Qualifying DAM Derating**" shall be defined to mean either an Actual Qualifying DAM Derating or a Deemed Qualifying DAM Derating. For purposes of this Part 17.5 of this Attachment B, "*r*" shall refer to a single Qualifying DAM Derating.

An "**Actual Qualifying DAM Derating**" shall be defined as a change in the rating of a constraint that, for a given constraint *a* and hour *h* of the Day-Ahead Market, meets each of the following requirements:

(i) the constraint has a lower rating in hour *h* than it would have if all transmission facilities were modeled as in-service in hour *h*;

(ii) this lower rating is in whole or in part the result of an Actual Qualifying DAM Outage *o* or an Actual Qualifying DAM Return-to-Service *o* for hour *h*;

(iii) this lower rating resulting from Actual Qualifying DAM Outage *o* or Actual Qualifying DAM Return-to-Service *o* for hour *h* was not modeled in the last auction held for TCCs valid for hour *h*;

(iv) this lower rating is included in the Reconfiguration Auction Interface Uprate/Derate Table in effect for the last Reconfiguration Auction in which TCCs valid in hour *h* were sold (or if no Reconfiguration Auction was held for TCCs valid in hour *h*, then the Centralized TCC Auction Interface Uprate/Derate Table in effect for the last Centralized TCC Auction held for TCCs valid in hour *h*); and

(v) the constraint is binding in the Day-Ahead Market for hour *h*.

A "**Deemed Qualifying DAM Derating**" shall be defined as a change in the rating of a constraint that, for a given constraint *a* and hour *h* of the Day-Ahead Market, meets each of the following requirements:

(i) the constraint has a lower rating in hour *h* than it would have if all transmission facilities were modeled as in-service in hour *h*;

(ii) this lower rating is in whole or in part the result of a Deemed Qualifying DAM Outage *o* or Deemed Qualifying DAM Return-to-Service *o* for hour *h*;

(iii) the lower rating resulting from Deemed Qualifying DAM Outage *o* or Deemed Qualifying DAM Return-to-Service *o* for hour *h* was modeled in the last auction held for TCCs valid for hour *h*, but responsibility for Qualifying DAM Outage *o* or Qualifying DAM Return-to-Service *o* resulting in the lower rating for hour *h* is assigned pursuant to Section 17.5.2.4.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner pursuant to Section 17.5.2.4.4)

other than the Transmission Owner responsible for the lower rating in the last auction held for TCCs valid for hour *h*;

(iv) this lower rating is included in the Reconfiguration Auction Interface Uprate/Derate Table in effect for the last Reconfiguration Auction in which TCCs valid in hour *h* were sold (or if no Reconfiguration Auction was held for TCCs valid in hour *h*, then the Centralized TCC Auction Interface Uprate/Derate Table in effect for the last Centralized TCC Auction held for TCCs valid in hour *h*); and

(v) the constraint is binding in the Day-Ahead Market for hour *h*.

17.5.2.4.3.1.2 Definition of Qualifying DAM Uprating

A "**Qualifying DAM Uprating**" shall be defined to mean either an Actual Qualifying DAM Uprating or a Deemed Qualifying DAM Uprating. For purposes of this Part 17.5 of this Attachment B, "*r*" shall refer to a single Qualifying DAM Uprating.

An "**Actual Qualifying DAM Uprating**" shall be defined as a change in the rating of a constraint that, for a given constraint *a* in hour *h* of the Day-Ahead Market, meets each of the following requirements:

(i) the constraint has a higher rating for hour *h* than it would have absent an Actual Qualifying DAM Outage *o* or Actual Qualifying DAM Return-to-Service *o* for hour *h*;

(ii) this higher rating resulting from Actual Qualifying DAM Outage *o* or Actual Qualifying Return-to-Service *o* for hour *h* was not modeled in the last auction held for TCCs valid for hour *h*;

(iii) this higher rating is included in the Reconfiguration Auction Interface Uprate/Derate Table in effect for the last Reconfiguration Auction in which TCCs

valid in hour *h* were sold (or if no Reconfiguration Auction was held for TCCs valid in hour *h*, then the Centralized TCC Auction Interface Uprate/Derate Table in effect for the last Centralized TCC Auction held for TCCs valid in hour *h*); and

(iv) the constraint is binding in the Day-Ahead Market for hour *h*.

A "**Deemed Qualifying DAM Uprating**" shall be defined as a change in the rating of a constraint that, for a given constraint *a* and hour *h* of the Day-Ahead Market, meets each of the following requirements:

(i) the constraint has a lower rating in hour *h* than it would have if all transmission facilities were modeled as in-service in hour *h*;

(ii) this lower rating is in whole or in part the result of a Deemed Qualifying DAM Outage *o* or Deemed Qualifying DAM Return-to-Service *o* for hour *h*;

(iii) this lower rating resulting from Deemed Qualifying DAM Outage *o* or Deemed Qualifying DAM Return-to-Service *o* for hour *h* was modeled in the last auction held for TCCs valid for hour *h*, but responsibility for Qualifying DAM Outage *o* or Qualifying DAM Return-to-Service *o* resulting in the lower rating for hour *h* is assigned pursuant to Section 17.5.2.4.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner for the purpose of applying Section 17.5.2.4.4) other than the Transmission Owner responsible for the lower rating in the last auction held for TCCs valid for hour *h*;

(iv) this lower rating for hour *h* is included in the Reconfiguration Auction Interface Uprate/Derate Table in effect for the last Reconfiguration Auction in which TCCs valid in hour *h* were sold (or if no Reconfiguration Auction was held for TCCs

valid in hour *h*, then the Centralized TCC Auction Interface Uprate/Derate Table in effect for the last Centralized TCC Auction held for TCCs valid in hour *h*); and

(v) the constraint is binding in the Day-Ahead Market for hour *h*.

17.5.2.4.3.2 Allocation of U/D DAM Constraint Residuals

This Section 17.5.2.4.3.2 describes the allocation of U/D DAM Constraint Residuals to Qualifying DAM Deratings and Qualifying DAM Upratings.

When there are Qualifying DAM Deratings or Qualifying DAM Upratings for constraint *a* in hour *h*, the ISO shall allocate a U/D DAM Constraint Residual in the form of a U/D Congestion Rent Shortfall Charge, U/D $CRSC_{a,t,h}$, or U/D Congestion Rent Surplus Payment, U/D $CRSP_{a,t,h}$, by first determining the net total impact on the constraint for hour *h* of all Qualifying DAM Upratings *r* and Qualifying DAM Deratings *r* for constraint *a* in hour *h* pursuant to Formula B-11 and then applying either Formula B-12 or Formula B-13, as specified herein, to assess U/D Congestion Rent Shortfall Charges and U/D Congestion Rent Surplus Payments.

Formula B-11

$$U/D\ NetDAMImpact_{a,h} = \left(\sum_{for\ all\ r \in R_{a,h}} RatingChange_{a,h,r} * ShadowPrice_{a,h} \right) * SCUCSignChange_{a,h}$$

Where,

$U/D\ NetDAMImpact_{a,h}$ = The net impact, in dollars, on constraint *a* of all Qualifying DAM Upratings and Qualifying DAM Deratings for constraint *a* in hour *h*; *provided, however,* $U/D\ NetDAMImpact_{a,h}$ shall be subject to recalculation as specified in the paragraph immediately following this Formula B-11

$RatingChange_{a,h,r}$ = Either

(a) If Qualifying DAM Derating *r* or Qualifying DAM Uprating *r* is a Deemed Qualifying DAM Derating or a Deemed Qualifying DAM Uprating,

$RatingChange_{a,h,r}$ shall be equal to the amount, in MWh, of the decrease or increase in the rating of binding constraint *a* in hour *h* resulting from a Deemed Qualifying DAM Return-to-Service or Deemed Qualifying DAM Outage for constraint *a* in hour *h*, as shown in the Reconfiguration Auction Interface Uprate/Derate Table in effect for the Reconfiguration Auction in which TCCs valid in hour *h* were sold (or if no Reconfiguration Auction was held for TCCs valid in hour *h*, then the Centralized TCC Auction Interface Uprate/Derate Table in effect for the last Centralized TCC Auction held for TCCs valid in hour *h*); or

(b) If Qualifying DAM Derating *r* or Qualifying DAM Uprating *r* is an Actual Qualifying DAM Derating or an Actual Qualifying DAM Uprating, $RatingChange_{a,h,r}$ shall be equal to the amount, in MWh, of the decrease or increase in the rating of binding constraint *a* in hour *h* resulting from an Actual Qualifying DAM Return-to-Service or an Actual Qualifying DAM Outage for constraint *a* in hour *h*, as shown in the Reconfiguration Auction Interface Uprate/Derate Table in effect for the Reconfiguration Auction in which TCCs valid in hour *h* were sold (or if no Reconfiguration Auction was held for TCCs valid in hour *h*, then the Centralized TCC Auction Interface Uprate/Derate Table in effect for the last Centralized TCC Auction held for TCCs valid in hour *h*);

provided, however, $RatingChange_{a,h,r}$ shall be subject to being set equal to zero as specified in the paragraph immediately following this Formula B-11

$R_{a,h}$ = The set of all Qualifying DAM Deratings *r* or Qualifying DAM Upratings *r* for binding constraint *a* in hour *h*

and the variables $SCUCSignChange_{a,h}$ and $ShadowPrice_{a,h}$ are defined as set forth in Formula B-5.

After calculating *U/D NetDAMImpact*$_{a,h}$ pursuant to Formula B-11, the ISO shall determine whether *U/D NetDAMImpact*$_{a,h}$ for constraint *a* in hour *h* has a different sign than U/D DCR$_{a,h}$ for constraint *a* in hour *h*. If the sign is different, the ISO shall (i) recalculate U/D NetDAMImpact$_{a,h}$ pursuant to Formula B-11 after setting equal to zero each *RatingChange*$_{a,h,r}$ for which *RatingChange*$_{a,h,r}$ * *ShadowPrice*$_{a,h}$ * *SCUCSignChange*$_{a,h}$ has a different sign than *U/D DCR*$_{a,h}$, and then (ii) use this recalculated *U/D NetDAMImpact*$_{a,h}$ and reset value of *RatingChange*$_{a,h,r}$ to allocate U/D Congestion Rent Shortfall Charges and U/D Congestion Rent Surplus Payments pursuant to Formula B-12 or Formula B-13, as specified below.

If the absolute value of the net impact (*U/D NetDAMImpact*$_{a,h}$) on constraint *a* of all Qualifying DAM Deratings and Qualifying DAM Upratings for constraint *a* in hour *h* as calculated using Formula B-11 (or recalculated pursuant to Formula B-11 using a reset value of *RatingChange*$_{a,h,r}$ as described in the prior paragraph) is greater than the absolute value of the U/D DAM Constraint Residual (*U/D DCR*$_{a,h}$) for constraint *a* in hour *h*, then the ISO shall allocate the U/D DAM Constraint Residual in the form of a U/D Congestion Rent Shortfall Charge, *U/D CRSC*$_{a,t,h}$, or U/D Congestion Rent Surplus Payment, *U/D CRSP*$_{a,t,h}$, by using Formula B-12. If the absolute value of the net impact (*U/D NetDAMImpact*$_{a,h}$) on constraint *a* of all Qualifying DAM Deratings and Qualifying DAM Upratings for constraint *a* in hour *h* as calculated using Formula B-11 (or recalculated pursuant to Formula B-11 using a reset value of *RatingChange*$_{a,h,r}$ as described in the prior paragraph) is less than or equal to the absolute value of the U/D DAM Constraint Residual (*U/D DCR*$_{a,h}$) for constraint *a* in hour *h*, then the ISO shall allocate the U/D DAM Constraint Residual in the form of a U/D Congestion Rent Shortfall Charge, *U/D CRSC*$_{a,t,h}$, or U/D Congestion Rent Surplus Payment, *U/D CRSP*$_{a,t,h}$, by using Formula B-13.

Formula B-12

$$U/D\ Allocation_{a,t,h} = \left(\frac{\sum_{\substack{r \in R_{a,h} \\ and\ q=t}} \left(RatingChange_{a,h,r} * Responsibility_{h,q,r} \right)}{\sum_{for\ all\ r \in R_{a,h}} RatingChange_{a,h,r}} \right) * U/D\ DCR_{a,h}$$

Where,

$U/D\ Allocation_{a,t,h}$ = Either a U/D Congestion Rent Shortfall Charge or a U/D Congestion Rent Surplus Payment, as specified in (a) and (b) below:

(a) If $U/D\ Allocation_{a,t,h}$ is negative, then $U/D\ Allocation_{a,t,h}$ shall be a U/D Congestion Rent Shortfall Charge, $U/D\ CRSC_{a,t,h}$, charged to Transmission Owner *t* for binding constraint *a* in hour *h* of the Day-Ahead Market; or

(b) If $U/D\ Allocation_{a,t,h}$ is positive, then $U/D\ Allocation_{a,t,h}$ shall be a U/D Congestion Rent Surplus Payment, $U/D\ CRSP_{a,t,h}$, paid to Transmission Owner *t* for binding constraint *a* in hour *h* of the Day-Ahead Market

$Responsibility_{h,q,r}$ = The amount, as a percentage, of responsibility borne by Transmission Owner *q* (which shall include the ISO when it is deemed a Transmission Owner for the purpose of applying Sections 17.5.2.4.4.2, 17.5.2.4.4.3, or 17.5.2.4.4.4) for Qualifying DAM Derating *r* or Qualifying DAM Uprating *r* in hour *h*, as determined pursuant to Section 17.5.2.4.4

and the variable $U/D\ DCR_{a,h}$ is defined as set forth in Formula B-7 and the variables $RatingChange_{a,h,r}$ and $R_{a,h}$ are defined as set forth in Formula B-11.

Formula B-13

$$U/D\ Allocation_{a,t,h} = \left(\sum_{\substack{r \in R_{a,h} \\ and\ q=t}} RatingChange_{a,h,r} * ShadowPrice_{a,h} * Responsibility_{h,q,r} \right) * SCUCSignChange_{a,h}$$

Where,

the variables $ShadowPrice_{a,h}$ and $SCUCSignChange_{a,h}$ are defined as set forth in Formula B-5, the variables $U/D\ Allocation_{a,t,h}$ and $Responsibility_{h,q,r}$ are defined as set forth in Formula B-12, and the variables $RatingChange_{a,h,r}$ and $R_{a,h}$ are defined as set forth in Formula B-11.

17.5.2.4.4 Assigning Responsibility for Outages, Returns-to-Service, Deratings, and Upratings

17.5.2.4.4.1 General Rule for Assigning Responsibility; Presumption of Causation

Unless the special rules set forth in Sections 17.5.2.4.4.2 through 17.5.2.4.4.4 apply, a Transmission Owner shall for purposes of this Section 17.5.2.4 be deemed responsible for a DAM Status Change to the extent that the Transmission Owner has caused the DAM Status Change by changing the in-service or out-of-service status of its transmission facility; *provided, however*, that where a DAM Status Change results from a change to the in-service or out-of-service status of a transmission facility owned by more than one Transmission Owner, responsibility for such DAM Status Change shall be assigned to each owning Transmission Owner based on the percentage of the transmission facility that is owned by the Transmission Owner (as determined in accordance with Section 17.5.2.4.6.1) during the hour for which the DAM Status Change occurred. For the sake of clarity, a Transmission Owner may, by changing the in-service or out-of-service status of its transmission facility, cause a DAM Status Change of another transmission facility if the Transmission Owner's change in the in-service or out-of-service status of its transmission facility causes (directly or as a result of Good Utility Practice) a change in the in-service or out-of-service status of the other transmission facility.

The Transmission Owner that owns a transmission facility that qualifies as a DAM Status Change shall be deemed to have caused the DAM Status Change of that transmission facility unless (i) the Transmission Owner that owns the facility informs the ISO that another Transmission Owner caused the DAM Status Change or that responsibility is to be shared among Transmission Owners in accordance with Sections 17.5.2.4.4.2, 17.5.2.4.4.3, or 17.5.2.4.4.4, and no party disputes such claim; (ii) in case of a dispute over the assignment of responsibility, the ISO determines a Transmission Owner other than the owner of the transmission facility caused

the DAM Status Change or that responsibility is to be shared among Transmission Owners in accordance with Sections 17.5.2.4.4.2, 17.5.2.4.4.3, or 17.5.2.4.4.4; or (iii) FERC orders otherwise.

17.5.2.4.4.2 Shared Responsibility For Outages, Returns-to-Service, and Ratings Changes Directed by the ISO or Caused by Facility Status Changes Directed by the ISO

A Transmission Owner shall not be responsible for any DAM Status Change that qualifies as an ISO-Directed DAM Status Change or Deemed ISO-Directed DAM Status Change. Instead, the ISO shall allocate any revenue impacts resulting from a DAM Status Change that qualifies as an ISO-Directed DAM Status Change or Deemed ISO-Directed DAM Status Change as part of Net Congestion Rents for hour *h*. To do so, the ISO shall be treated as a Transmission Owner when allocating DAM Constraint Residuals pursuant to Section 17.5.2.4.2 and Section 17.5.2.4.3, and any DAM Status Change that qualifies as an ISO-Directed DAM Status Change or Deemed ISO-Directed DAM Status Change shall be attributed to the ISO when performing the calculations described in Section 17.5.2.4.2 and Section 17.5.2.4.3; *provided, however*, any O/R-t-S Congestion Rent Shortfall Charge, U/D Congestion Rent Shortfall Charge, O/R-t-S Congestion Rent Surplus Payment, or U/D Congestion Rent Surplus Payment allocable to the ISO pursuant to this Section 17.5.2.4.4.2 shall ultimately be allocated to the Transmission Owners as Net Congestion Rents pursuant to Section 17.5.2.5.

Responsibility for a Qualifying DAM Return-to-Service or Qualifying DAM Uprating that is directed by the ISO but does not qualify as a Deemed ISO-Directed DAM Status Change shall be assigned to the Transmission Owner that was responsible for the Qualifying Auction Outage or Qualifying Auction Derating in the last Reconfiguration Auction held for TCCs valid

for the relevant hour or the last 6-month sub-auction of a Centralized TCC Auction held for TCCs valid for the relevant hour.

17.5.2.4.4.3 Shared Responsibility for External Events

A Transmission Owner shall not be responsible for a DAM Status Change occurring inside the NYCA that is caused by a change in the in-service or out-of-service status or rating of a transmission facility located outside the NYCA. Instead, the ISO shall allocate any revenue impacts resulting from a DAM Status Change caused by such an event outside the NYCA as part of Net Congestion Rents for hour *h*. To do so, the ISO shall be treated as a Transmission Owner when allocating DAM Constraint Residuals pursuant to Section 17.5.2.4.2 and Section 17.5.2.4.3 and any DAM Status Change caused by such an event outside the NYCA shall be attributed to the ISO when performing the calculations described in Section 17.5.2.4.2 and Section 17.5.2.4.3; *provided, however,* any O/R-t-S Congestion Rent Shortfall Charge, U/D Congestion Rent Shortfall Charge, O/R-t-S Congestion Rent Surplus Payment, or U/D Congestion Rent Surplus Payment allocable to the ISO pursuant to this Section 17.5.2.4.4.3 shall ultimately be allocated to the Transmission Owners as Net Congestion Rents pursuant to Section 17.5.2.5.

17.5.2.4.4.4 Shared Responsibility For Returns-to-Service and Upratings During a Transitional Period

Notwithstanding any other provision of this Part 17.5 of this Attachment B, a Transmission Owner shall be deemed to be not responsible for a Qualifying DAM Return-to-Service, Qualifying DAM Derating, or Qualifying DAM Uprating for an hour of the Day-Ahead Market if this Part 17.5 of this Attachment B was not in effect at the time of the last Reconfiguration Auction held for TCCs valid for the hour. Instead, the ISO shall allocate any revenue impacts resulting from such a Qualifying DAM Return-to-Service, Qualifying DAM

Derating, or Qualifying DAM Uprating as part of Net Congestion Rents for hour *h*. To do so, the ISO shall be treated as a Transmission Owner when allocating DAM Constraint Residuals pursuant to Section 17.5.2.4.2 and Section 17.5.2.4.3, and any such Qualifying DAM Return-to-Service, Qualifying DAM Derating, or Qualifying DAM Uprating during this transitional period shall be attributed to the ISO when performing the calculations described in Section 17.5.2.4.2 and Section 17.5.2.4.3; *provided, however,* any O/R-t-S Congestion Rent Shortfall Charge, U/D Congestion Rent Shortfall Charge, O/R-t-S Congestion Rent Surplus Payment, or U/D Congestion Rent Surplus Payment allocable to the ISO pursuant to this Section 17.5.2.4.4.4 shall ultimately be allocated to the Transmission Owners as Net Congestion Rents pursuant to Section 17.5.2.5.

17.5.2.4.5 Exceptions: Setting Charges and Payments to Zero

17.5.2.4.5.1 Zeroing Out of Charges and Payments When Outages and Deratings Lead to Net Payments or Returns-to-Service and Upratings Lead to Net Charges

The ISO shall use Formula B-14 to calculate the total O/R-t-S Congestion Rent Shortfall Charges, U/D Congestion Rent Shortfall Charges, O/R-t-S Congestion Rent Surplus Payments, and U/D Congestion Rent Surplus Payments, $\text{NetDAMAllocations}_{t,h}$, for Transmission Owner *t* in hour *h*. Based on this calculation, the ISO shall set equal to zero all O/R-t-S $\text{CRSC}_{a,t,h}$, U/D $\text{CRSC}_{a,t,h}$, O/R-t-S $\text{CRSP}_{a,t,h}$, and U/D $\text{CRSP}_{a,t,h}$ (each as defined in Formula B-14) for Transmission Owner *t* for all constraints for hour *h* if (i) $\text{NetDAMAllocations}_{t,h}$ is positive and Transmission Owner *t* is not responsible (as determined pursuant to Section 17.5.2.4.4) for any Qualifying DAM Returns-to-Service or Qualifying DAM Upratings during hour *h*, or (ii) $\text{NetDAMAllocations}_{t,h}$ is negative and Transmission Owner *t* is not responsible (as determined pursuant to Section 17.5.2.4.4) for any Qualifying DAM Outages or Qualifying DAM Deratings

during hour *h*; *provided, however*, the ISO shall not set equal to zero pursuant to this Section 17.5.2.4.5.1 any O/R-t-S $CRSC_{a,t,h}$, U/D $CRSC_{a,t,h}$, O/R-t-S $CRSP_{a,t,h}$, or U/D $CRSP_{a,t,h}$ arising from an ISO-Directed DAM Status Change or Deemed ISO-Directed DAM Status Change described in Section 17.5.2.4.4.2, an external event described in Section 17.5.2.4.4.3, or an event occurring during a transitional period as described in Section 17.5.2.4.4.4.

Formula B-14

$$NetDAMAllocations_{t,h} = \sum_{for\ all\ a} \left(O/R\text{-}t\text{-}SCRSC_{a,t,h} + U/DCRSC_{a,t,h} + O/R\text{-}t\text{-}SCRSP_{a,t,h} + U/DCRSP_{a,t,h} \right)$$

Where,

$NetDAMAllocations_{t,h}$ = The total of the O/R-t-S Congestion Rent Shortfall Charges, U/D Congestion Rent Shortfall Charges, O/R-t-S Congestion Rent Surplus Payments, and U/D Congestion Rent Surplus Payments allocated to Transmission Owner *t* in hour *h*

$O/R\text{-}t\text{-}S\ CRSC_{a,t,h}$ = An O/R-t-S Congestion Rent Shortfall Charge allocated to Transmission Owner *t* for binding constraint *a* in hour *h* of the Day-Ahead Market, calculated pursuant to Section 17.5.2.4.2

$U/D\ CRSC_{a,t,h}$ = A U/D Congestion Rent Shortfall Charge allocated to Transmission Owner *t* for binding constraint *a* in hour *h* of the Day-Ahead Market, calculated pursuant to Section 17.5.2.4.3

$O/R\text{-}t\text{-}S\ CRSP_{a,t,h}$ = An O/R-t-S Congestion Rent Surplus Payment allocated to Transmission Owner *t* for binding constraint *a* in hour *h* of the Day-Ahead Market, calculated pursuant to Section 17.5.2.4.2

$U/D\ CRSP_{a,t,h}$ = A U/D Congestion Rent Surplus Payment allocated to Transmission Owner *t* for binding constraint *a* in hour *h* of the Day-Ahead Market, calculated pursuant to Section 17.5.2.4.3.

17.5.2.4.5.2 Zeroing Out of Charges and Payments Resulting from Formula Failure

Notwithstanding any other provision of this Part 17.5 of this Attachment B, the ISO shall set equal to zero any O/R-t-S Congestion Rent Shortfall Charge, U/D Congestion Rent Shortfall Charge, O/R-t-S Congestion Rent Surplus Payment, or U/D Congestion Rent Surplus Payment allocated to a Transmission Owner for an hour of the Day-Ahead Market if either:

(i) data necessary to compute such a charge or payment, as specified in the formulas set forth in Section 17.5.2.4, is not known by the ISO and cannot be computed by the ISO (in interpreting this clause, equipment failure shall not preclude computation by the ISO unless necessary data is irretrievably lost); or

(ii) both (a) the charge or payment is clearly and materially inconsistent with cost causation principles; and (b) this inconsistency is the result of factors not taken into account in the formulas used to calculate the charge or payment;

provided, however, if the amount of charges or payments set equal to zero as a result of the unknown data or inaccurate formula is greater than twenty five thousand dollars ($25,000) in any given month or greater than one hundred thousand dollars ($100,000) over multiple months, the ISO will inform the Transmission Owners of the identified problem and will work with the Transmission Owners to determine if an alternative allocation method is needed and whether it will apply to all months for which the intended formula does not work. Alternate methods would be subject to market participant review and subsequent filing with FERC, as appropriate.

For the sake of clarity, the ISO shall not pursuant to this Section 17.5.2.4.5.2 set equal to zero any O/R-t-S Congestion Rent Shortfall Charge, U/D Congestion Rent Shortfall Charge, O/R-t-S Congestion Rent Surplus Payment, or U/D Congestion Rent Surplus Payment that fails to meet these conditions, even if another O/R-t-S Congestion Rent Shortfall Charge, U/D Congestion Rent Shortfall Charge, O/R-t-S Congestion Rent Surplus Payment, or U/D Congestion Rent Surplus Payment is set equal to zero pursuant to this Section 17.5.2.4.5.2 in the same hour of the Day-Ahead Market.

17.5.2.4.6 Information Requirements

17.5.2.4.6.1 Information Regarding Facility Ownership

A Transmission Owner shall be responsible for informing the ISO of any change in the ownership of a transmission facility. The ISO shall allocate responsibility for DAM Status Changes based on the transmission facility ownership information available to it at the time of initial settlement.

17.5.2.4.6.2 Calculation of Settlements Without DCR Allocation Threshold

One month each year, the ISO shall, for informational purposes only, calculate the DAM Constraint Residuals for each constraint for each hour without applying the DCR Allocation Threshold and shall calculate all O/R-t-S Congestion Rent Shortfall Charges, O/R-t-S Congestion Rent Surplus Payments, U/D Congestion Rent Shortfall Charges, and U/D Congestion Rent Surplus Payments. Before choosing the month for which it will perform these calculations, the ISO will consult with the Transmission Owners.

17.5.2.5 Allocation of Net Congestion Rents to Transmission Owners

The Net Congestion Rents for each hour of month *m* shall be summed over the month, so that positive and negative values net to a monthly total, NCR_m. The ISO shall allocate NCR_m each month to the Transmission Owners by allocating to each Transmission Owner *t* an amount equal to the product of (i) NCR_m, and (ii) the allocation factor for Transmission Owner *t* for month *m*, as calculated pursuant to Formula B-15.

Formula B-15

$$AllocationFactor_{t,m} = \frac{\left(OriginalResidual_{t,m} + ETCNL_{t,m} + NARs_{t,m} + GFR\&GFTCC_{t,m} + HFPTCC_{t,m}\right)}{\sum_{q \in T}\left(OriginalResidual_{q,m} + ETCNL_{q,m} + NARs_{q,m} + GFR\&GFTCC_{q,m} + HFPTCC_{q,m}\right)}$$

Where,

Allocation Factor$_{t,m}$ = The allocation factor used by the ISO to allocate a share of the Net Congestion Rents to Transmission Owner *t* for month *m*

Original Residual$_{q,m}$ = The one-month portion of the revenue imputed to the Direct Sale or the sale in any Centralized TCC Auction sub-auction of Original Residual TCCs that are valid in month *m.* The one-month portion of the revenue imputed to the Direct Sale of these Original Residual TCCs shall be the market clearing price of the TCCs in the Reconfiguration Auction held for month *m* (or one-sixth of the average market clearing price in the stage 1 rounds of the 6-month sub-auction of the last Centralized TCC Auction if no Reconfiguration Auction was held for month *m*). The one-month portion of the revenue imputed to the sale in any Centralized TCC Auction sub-auction of these Original Residual TCCs shall be calculated by dividing the revenue received from the sale of these Original Residual TCCs in the Centralized TCC Auction sub-auction by the duration in months of the TCCs sold in that Centralized TCC Auction sub-auction

ETCNL$_{q,m}$ = The sum of the one-month portion of the revenues the Transmission Owner has received as payment for the Direct Sale of ETCNL or for its ETCNL released in the Centralized TCC Auction sub-auctions held for TCCs valid for month *m*. Each one-month portion of the revenue for ETCNL released in such Centralized TCC Auction shall be calculated by dividing the revenue received in a Centralized TCC Auction sub-auction from the sale of the ETCNL by the duration in months of the TCCs corresponding to the ETCNL sold in the Centralized TCC Auction sub-auction.[2] The one-month portion of the revenue imputed to the Direct Sale of ETCNL shall be the value of the TCCs corresponding to that ETCNL in the Reconfiguration Auction held for month *m* (or one-sixth of the average market clearing price of such TCCs in stage 1 rounds of the 6-month sub-auction of the last Centralized TCC Auction if no Reconfiguration Auction was held for month *m*)

NARs$_{q,m}$ = The one-month portion of the Net Auction Revenues the Transmission Owner has received in Centralized TCC Auction sub-auctions and Reconfiguration Auctions held for TCCs valid for month *m* (which shall not include any revenue from the sale of Original Residual TCCs). The

[2] A TCC corresponds to ETCNL if it has the same POI and POW as the ETCNL.

		one-month portion of the revenues shall be calculated by summing (i) the revenue Transmission Owner *q* received in each Centralized TCC Auction sub-auction or Reconfiguration Auction from the allocation of Net Auction Revenue pursuant to Section 17.5.3.7, divided by the duration in months of the TCCs sold in the Centralized TCC Auction sub-auction or Reconfiguration Auction (or, to the extent TCC auction revenues were allocated pursuant to a different methodology, the amount of such revenues allocated to Transmission Owner *q*), minus (ii) the sum of $NetAuctionAllocations_{t,n}$ as calculated pursuant to Formula B-27 (as adjusted for any charges or payments that are zeroed out) for Transmission Owner *q* for all 6-month sub-auction stage 1 rounds *n* of all Centralized TCC Auctions held for TCCs valid in month *m*, divided in each case by the duration in months of the TCCs sold in each Centralized TCC Auction sub-auction (or, to the extent that the revenue impact of transmission facility outages, returns-to-service, upratings, and deratings were settled pursuant to a different methodology, the net of such revenue impacts for Transmission Owner *q*), minus (iii) $NetAuctionAllocations_{t,n}$ as calculated pursuant to Formula B-27 and as adjusted for any charges or payments that are zeroed out for Transmission Owner *q* for the Reconfiguration Auction *n* held for month *m* (or, to the extent that the revenue impact of transmission facility outages, returns-to-service, upratings, and deratings were settled pursuant to a different methodology, the net of such revenue impacts for Transmission Owner *q*)
$GFR\&GFTCC_{q,m}$	=	The one-month portion of the imputed value of Grandfathered TCCs and Grandfathered Rights, valued at their market clearing prices in the Reconfiguration Auction for month *m* (or one-sixth of the average market clearing price in stage 1 rounds in the 6-month sub-auction of the last Centralized TCC Auction if no Reconfiguration Auction was held for month *m*), provided that the Transmission Owner is the selling party and the Existing Transmission Agreement related to each Grandfathered TCC and Grandfathered Right remains valid in month *m*
$HFPTCC_{q,m}$	=	The one-month portion of the Historic Fixed Price TCC revenues that Transmission Owner *q* has received for Historic Fixed Price TCCs valid for month *m*, valued at the sum of the share of revenues received by Transmission Owner *q* pursuant to Section 17.5.4 of this Attachment B for all Historic Fixed Price TCCs valid for month *m*, divided by twelve; provided, however that the value shall be zero for all Historic Fixed Price TCCs that took effect on or before November 1, 2016.
t	=	Transmission Owner *t*
T	=	The set of all Transmission Owners *q*.

Each Transmission Owner's share of Net Congestion Rents allocated pursuant to this Section 17.5.2.5 shall be incorporated into, or otherwise accounted for as part of, its TSC, NTAC, or other applicable rate mechanism under the ISO Tariffs used to assess charges for Transmission Service provided by the Transmission Owner pursuant to this Tariff, as the case may be.

17.5.3 Settlement of TCC Auctions

17.5.3.1 Overview of TCC Auction Settlements; Calculation of Net Auction Revenue

Overview of TCC Auction Settlements. For each round *n* of a Centralized TCC Auction and for each Reconfiguration Auction *n*, the ISO shall settle all settlements for round *n* or for Reconfiguration Auction *n*. These settlements include, as applicable pursuant to the provisions of this Part 17.5 of this Attachment B: (i) the market clearing price charged or paid to purchasers of TCCs; (ii) payments to Transmission Owners that released ETCNL; (iii) payments or charges to Primary Holders selling TCCs; (iv) payments to Transmission Owners that released Original Residual TCCs; (v) O/R-t-S Auction Revenue Shortfall Charges and U/D Auction Revenue Shortfall Charges; and (vi) O/R-t-S Auction Revenue Surplus Payments and U/D Auction Revenue Surplus Payments. Each of these settlements is represented by a variable in Formula B-16.

Calculation of Net Auction Revenues for a Round or a Reconfiguration Auction. In each Centralized TCC Auction round *n* and in each Reconfiguration Auction *n*, the ISO shall calculate Net Auction Revenue pursuant to Formula B-16.

Formula B-16

$$Net\ Auction\ Revenue_n = \begin{bmatrix} TCC\ Auction\ Revenue_n \\ -ETCNL_n \\ -Primary\ Holder\ TCCs\ Sold_n \\ -Original\ Residual\ TCCs_n \\ -O/R\text{-}t\text{-}S\&U/D\ ARSC\&ARSP_n \end{bmatrix}$$

Where,

n	=	A round of a Centralized TCC Auction (which may be either a stage 1 round of a 6-month sub-auction, a stage 1 round of a sub-auction in which TCCs with a duration greater than 6 months are sold, or a stage 2 round) or a Reconfiguration Auction, as the case may be
Net Auction Revenue$_n$	=	Net Auction Revenue for the round *n* of a Centralized TCC Auction or for Reconfiguration Auction *n*, as the case may be
TCC Auction Revenue$_n$	=	The gross amount of revenue that the ISO collects from the award of TCCs to purchasers in round *n* or in Reconfiguration Auction *n*, which results from the charges and payments allocated pursuant to Section 17.5.3.2
ETCNL$_n$	=	Either (i) if round *n* is a stage 1 round of a Centralized TCC Auction, the total of all payments that the ISO makes to Transmission Owners releasing ETCNL into the round pursuant to Section 17.5.3.3; (ii) if round *n* is a stage 2 round of a Centralized TCC Auction, 0; or (iii) for Reconfiguration Auction *n*, 0
Primary Holder TCCs Sold$_n$	=	The net of the total payments and charges the ISO allocates to Primary Holders selling TCCs in round *n* or in Reconfiguration Auction *n* pursuant to Section 17.5.3.4
Original Residual TCCs$_n$	=	Either (i) if round *n* is a stage 1 round of a Centralized TCC Auction, the total payments the ISO makes in round *n* pursuant to Section 17.5.3.5 to Transmission Owners that release into round *n* Original Residual TCCs; (ii) if round *n* is a stage 2 round of a Centralized TCC Auction, 0; or (iii) for Reconfiguration Auction *n*, 0

O/R-t-S&U/D ARSC&ARSP$_n$	=	Either (i) if round *n* is a stage 1 round of a Centralized TCC Auction in which 6-month TCCs are sold, the sum of the total O/R-t-S Auction Revenue Shortfall Charges, U/D Auction Revenue Shortfall Charges, O/R-t-S Auction Revenue Surplus Payments, and U/D Auction Revenue Surplus Payments (calculated as NetAuctionAllocations$_{t,n}$ pursuant to Formula B-27) for all Transmission Owners *t*, reduced by any zeroing out of such charges or payments pursuant to Section 17.5.3.6.5; (ii) if round *n* is a stage 2 round of a Centralized TCC Auction or a stage 1 round of a Centralized TCC Auction sub-auction in which TCCs with durations longer than 6 months are sold, 0; or (iii) for Reconfiguration Auction *n*, the sum of the total O/R-t-S Auction Revenue Shortfall Charges (O/R-t-S ARSC$_{a,t,n}$), U/D Auction Revenue Shortfall Charges (U/D ARSC$_{a,t,n}$), O/R-t-S Auction Revenue Surplus Payments (O/R-t-S ARSP$_{a,t,n}$), and U/D Auction Revenue Surplus Payments (U/D ARSP$_{a,t,n}$) for all Transmission Owners *t* (which sum is calculated for each Transmission Owner as NetAuctionAllocations$_{t,n}$ pursuant to Formula B-27), reduced by any zeroing out of such charges or payments pursuant to Section 17.5.3.6.5

The ISO shall allocate the Net Auction Revenue calculated in each round of a Centralized TCC Auction sub-auction and in each Reconfiguration Auction to Transmission Owners pursuant to Section 17.5.3.7.

17.5.3.2 Charges for TCCs Purchased

All bidders awarded TCCs in round *n* of a Centralized TCC Auction or in Reconfiguration Auction *n* shall pay or be paid the market clearing price in round *n* or in Reconfiguration Auction *n*, as determined pursuant to Part 17.4 of this Attachment B, for the TCCs purchased.

17.5.3.3 Payments for ETCNL

The ISO shall, in each round of a Centralized TCC Auction in which ETCNL is released, pay the market clearing price determined in that round for TCCs that correspond to that ETCNL to the Transmission Owner that releases the ETCNL.

If a Transmission Owner releases ETCNL for sale in a round of the Centralized TCC Auction, and the market-clearing price for those TCCs corresponding to that ETCNL in that round is negative, the value of those TCCs will not be included in the determination of payments to the Transmission Owners for ETCNL released into the Centralized TCC Auction. If the market-clearing price is negative for TCCs corresponding to any ETCNL, the value will be set to zero for purposes of allocating auction revenues from the sale of ETCNL. If the total value of the auction revenues available for payment to the Transmission Owners for ETCNL released into the Centralized TCC Auction is insufficient to fund payments at market-clearing prices, the total payments to each Transmission Owner for ETCNL will be reduced proportionately. Notwithstanding any other provision in this Tariff, ETCNL that is offered in any Centralized TCC Auction and that is assigned a negative market clearing price or value shall not give rise to a payment obligation by the Transmission Owner that released it.

17.5.3.4 Payments to Primary Holders Selling TCCs; Distribution of Revenues from Sale of Certain Grandfathered TCCs (excluding ETCNL) in a Centralized TCC Auction

The ISO shall distribute to or collect from each Primary Holder of a TCC selling that TCC in the Centralized TCC Auction or Reconfiguration Auction the market clearing price of that TCC in the round of the Centralized TCC Auction or in the Reconfiguration Auction in which that TCC was sold.

In the event a Grandfathered TCC3 is terminated by mutual agreement of the parties to the grandfathered ETA prior to the conditions specified within Attachments K and L of the ISO OATT, then the ISO shall distribute the revenues from the sale of the TCCs that correspond to the terminated Grandfathered TCCs in a round of a Centralized TCC Auction directly back to the

[3] These TCCs include TCCs, if any, associated with those rate schedules to which footnote 9 of Attachment L of the ISO OATT pertains, whether by mutual agreement or otherwise.

Transmission Owner identified in Attachment L of the ISO OATT, until such time as the conditions specified within Attachments K and L of the ISO OATT are met. Upon such time that the conditions within Attachments K and L of the ISO OATT are met, the ISO shall allocate the revenues from the sale of the TCCs that correspond to terminated Grandfathered TCCs in the Centralized TCC Auction as Net Auction Revenues in accordance with Section 17.5.3.7 of this Part 17.5 of this Attachment B.

17.5.3.5 Allocation of Revenues from the Sale of Original Residual TCCs

Revenues associated with Original Residual TCCs shall be distributed directly to each Primary Owner for the duration of the LBMP Transition Period. The Primary Owner of such an Original Residual TCC shall be paid the market clearing price of the Original Residual TCC in the round of the sub-auction in which that Original Residual TCC was sold.

If a Transmission Owner releases an Original Residual TCC for sale in a round of the Centralized TCC Auction, and the market-clearing price for those TCCs in that round is negative, the value of those TCCs will not be included in the determination of payments to the Transmission Owners for Original Residual TCCs released into the Centralized TCC Auction. If the market-clearing price is negative for any Original Residual TCC, the value will be set to zero for purposes of allocating auction revenues from the sale of Residual TCCs. If the total value of the auction revenues available for payment to the Transmission Owners for Original Residual TCCs released into the Centralized TCC Auction is insufficient to fund payments at market-clearing prices, the total payments to each Transmission Owner for Original Residual TCCs will be reduced proportionately. This proportionate reduction would include a reduction in payments reflecting a proportionate reduction in the auction value of Original Residual TCCs sold in a Direct Sale. Notwithstanding any other provision in this Tariff, Original Residual TCCs that are

offered in any Centralized TCC Auction and that are assigned a negative market clearing price or value shall not give rise to a payment obligation by the Transmission Owner that released them.

17.5.3.6 Charges and Payments to Transmission Owners for Auction Outages and Returns-to-Service

The ISO shall charge O/R-t-S Auction Revenue Shortfall Charges and U/D Auction Revenue Shortfall Charges and pay O/R-t-S Auction Revenue Surplus Payments and U/D Auction Revenue Surplus Payments pursuant to this Section 17.5.3.6. To do so, the ISO shall calculate the Auction Constraint Residual for each constraint for each stage 1 round *n* of a Centralized TCC Auction 6-month sub-auction or Reconfiguration Auction *n*, as the case may be, pursuant to Section 17.5.3.6.1 and then determine the amount of each Auction Constraint Residual that is O/R-t-S Auction Constraint Residual and the amount that is U/D Auction Constraint Residual, as specified in Section 17.5.3.6.1. The ISO shall use the O/R-t-S Auction Constraint Residual to allocate O/R-t-S Auction Revenue Shortfall Charges and O/R-t-S Auction Revenue Surplus Payments to Transmission Owners pursuant to Sections 17.5.3.6.2 and 17.5.3.6.4, each of which shall be subject to being reduced to zero pursuant to Section 17.5.3.6.5. The ISO shall use the U/D Auction Constraint Residual to allocate U/D Auction Revenue Shortfall Charges and U/D Auction Revenue Surplus Payments to Transmission Owners pursuant to Sections 17.5.3.6.3 and 17.5.3.6.4, each of which shall be subject to being reduced to zero pursuant to Section 17.5.3.6.5. The ISO shall not calculate an Auction Constraint Residual, O/R-t-S Auction Constraint Residual, or U/D Auction Constraint Residual for any rounds of a Centralized TCC Auction except for stage 1 rounds of the 6-month sub-auction.

17.5.3.6.1 Measuring the Impact of Auction Outages and Returns-to-Service: Calculation of Auction Constraint Residuals and Division of Auction Constraint Residuals into O/R-t-S Auction Constraint Residuals and U/D Auction Constraint Residuals

The ISO shall identify all constraints that are binding in the final Optimal Power Flow solution for stage 1 round *n* of a 6-month sub-auction of a Centralized TCC Auction or for Reconfiguration Auction *n*, as the case may be. For each binding constraint *a* and for each stage 1 round *n* of a 6-month sub-auction of a Centralized TCC Auction or Reconfiguration Auction *n*, the ISO shall calculate the Auction Constraint Residual, $ACR_{a,n}$, using Formula B-17; *provided, however*, the ISO shall recalculate $ACR_{a,n}$ using Formula B-18 if (i) $ACR_{a,n}$ is positive based on the calculation using Formula B-17, and (ii) constraint *a* was not binding in the Power Flow used to determine the Energy flow on constraint *a* in calculating the variable $FLOW_{a,n,basecase}$ in Formula B-17.

Formula B-17

$$ACR_{a,n} = ShadowPrice_{a,n} * \begin{bmatrix} (FLOW_{a,n,actual} - FLOW_{a,n,basecase}) \\ +(ISORatingChange_{a,n} * OPFSignChange_{a,n}) \end{bmatrix} * \%Sold_{n}$$

Where,

$ACR_{a,n}$ = The Auction Constraint Residual, in dollars, for binding constraint *a* in stage 1 round *n* of a 6-month sub-auction or in Reconfiguration Auction *n*

$ShadowPrice_{a,n}$ = The Shadow Price, in dollars/MW-*p*, of binding constraint *a* in stage 1 round *n* of a 6-month sub-auction or in Reconfiguration Auction *n*, where *p* is a one-month period for Reconfiguration Auction *n* and *p* is a six-month period for stage 1 round *n* of a 6-month sub-auction, which Shadow Price is calculated in a manner so that if relaxation of constraint *a* would permit an increase in the objective function used for stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n* as described in Part 17.4 of this Attachment B, then $ShadowPrice_{a,n}$ is positive

$FLOW_{a,n,actual}$ = The Energy flow, in MW-*p*, on binding constraint *a* resulting from a Power Flow using, as the case may be:

(a) For Reconfiguration Auction *n*, (i) the Transmission System model for Reconfiguration Auction *n*, (ii) the set of TCCs and Grandfathered Rights represented in the solution to Reconfiguration Auction *n* (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction), and (iii) the phase angle regulator schedules determined in the Optimal Power Flow solution for Reconfiguration Auction *n*; or

(b) For stage 1 round *n* of a 6-month sub-auction, (i) the Transmission System model for stage 1 round *n*, (ii) the set of TCCs (scaled appropriately) and Grandfathered Rights represented in the solution to stage 1 round *n* (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction), and (iii) the phase angle regulator schedule produced in the Optimal Power Flow solution for stage 1 round *n*

$FLOW_{a,n,basecase}$ = The Energy flow, in MW-*p*, on binding constraint *a* produced in, as the case may be:

(a) For Reconfiguration Auction *n*, a Power Flow using the following base case data set: (i) the Transmission System model for Reconfiguration Auction *n*, (ii) the set of TCCs and Grandfathered Rights represented in the solution to the final round of the last 6-month sub-auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n* (including those pre-existing TCCs (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction), and (iii) the phase angle regulator schedules determined in the Optimal Power Flow solution for the final round of the last 6-month sub-auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*; or

(b) For stage 1 round *n* of a 6-month sub-auction, a Power Flow run using the following base case data set: (i) the Transmission System model for the actual 6-month sub-auction, and (ii) the base case set of TCCs (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in the simulated auction) and the phase angle regulator schedule produced in a single simulated TCC auction administered for all stage 1 rounds of the 6-month sub-auction using the Transmission System model for the actual 6-month sub-auction modified so as to model as in-service all transmission facilities that were out-of-service in the Transmission System model used for the sub-auction and model as fully rated all transmission facilities that were derated in the Transmission System model used for the sub-auction, the pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in the sub-auction, and all bids to purchase and offers to sell made into all stage 1 rounds of the sub-auction that includes round *n*

$ISORatingChange_{a,n}$ = The total change in the rating of constraint *a* for stage 1 round *n* or Reconfiguration Auction *n* resulting from ISO-Directed Auction Status Changes or Deemed ISO-Directed Auction Status Changes described in Section 17.5.3.6.4.2, external events described in Section 17.5.3.6.4.3, or reasons determined by the ISO to be unrelated to Qualifying Auction Outages or Qualifying Auction Returns-to-Service for stage 1 round *n* or Reconfiguration Auction *n*, which shall be calculated as follows:

(a) For Reconfiguration Auction *n*, zero, except that in the event of a change in the rating of constraint *a* resulting from ISO-Directed Auction Status Changes or Deemed ISO-Directed Auction Status Changes described in Section 17.5.3.6.4.2, external events described in Section 17.5.3.6.4.3, or reasons determined by the ISO to be unrelated to Qualifying Auction Outages or Qualifying Auction

Returns-to-Service for stage 1 round *n* or Reconfiguration Auction *n*, $ISORatingChange_{a,n}$ shall be equal to the amount, in MW-*p*, of the change in the rating limit of constraint *a* as shown in the Reconfiguration Auction Interface Uprate/Derate Table applicable for Reconfiguration Auction *n*

(b) stage 1 round *n* of a 6-month sub-auction, zero, except that in the event of a change in the rating of a transmission facility resulting from ISO-Directed Auction Status Changes or Deemed ISO-Directed Auction Status Changes described in Section 17.5.3.6.4.2, external events described in Section 17.5.3.6.4.3, or reasons determined by the ISO to be unrelated to Qualifying Auction Outages or Qualifying Auction Returns-to-Service for stage 1 round *n* or Reconfiguration Auction *n*, $ISORatingChange_{a,n}$ shall be equal to the amount, in MW-*p*, of the change in the rating limit of constraint *a* as shown in the Centralized TCC Auction Interface Uprate/Derate Table applicable for stage 1 round *n*

$OPFSignChange_{a,n}$= 1 if $ShadowPrice_{a,n}$ is greater than zero; otherwise, -1

$\%Sold_n$= Either (i) for stage 1 round *n* of a 6-month sub-auction, the percentage of transmission Capacity sold in stage 1 round *n*, divided by the percentage of transmission Capacity sold in all stage 1 rounds of the sub-auction of which stage 1 round *n* is a part; or (ii) for Reconfiguration Auction *n*, 1.

Formula B-18

$$ACR_{a,n} = ShadowPrice_{a,n} * \begin{bmatrix} (FLOW_{a,n,actual} - FLOW_{a,n,basecase}) \\ +(ISORatingChange_{a,n} * OPFSignChange_{a,n}) \\ -(UnsoldCapacity_{a,n,PriorAuction} * OPFSignChange_{a,n}) \end{bmatrix} * \%Sold_n$$

Where,

$UnsoldCapacity_{a,n,PriorAuction}$ = Either:

(a) For Reconfiguration Auction *n*, the rating limit for binding constraint *a* applied in the model used in the last Centralized TCC Auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*, minus the Energy flow, in MW-*p*, on binding constraint *a* produced in the Optimal Power Flow in the last round of that Centralized TCC Auction; or

(b) For stage 1 round *n* of a 6-month sub-auction, the rating limit for binding constraint *a* applied in the model used in the simulated auction run to determine $FLOW_{a,n,basecase}$ in Formula B-17, minus the Energy flow, in MW-*p*, on binding constraint *a* produced in the Optimal Power Flow in the simulated auction run to determine $FLOW_{a,n,basecase}$ in Formula B-17

and each of the other variables is as set forth in Formula B-17; *provided, however,* if $ACR_{a,n}$ is less than zero when calculated using this Formula B-18, $ACR_{a,n}$ shall be set equal to zero.

Following calculation of the Auction Constraint Residual for each constraint *a* for each stage 1 round *n* of a 6-month sub-auction or each Reconfiguration Auction *n*, the ISO shall calculate the amount of each O/R-t-S Auction Constraint Residual and the amount of each U/D Auction Constraint Residual for each constraint *a* for each stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n*, as the case may be. The amount of each O/R-t-S Auction Constraint Residual for stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n*, as the case may be, for constraint *a* shall be determined by applying Formula B-19. The amount of each U/D Auction Constraint Residual for stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n*, as the case may be, for constraint *a* shall be determined by applying Formula B-20.

Formula B-19

$$O/R\text{-}t\text{-}S\ ACR_{a,n} = ACR_{a,n} * \left[\frac{\left(FLOW_{a,n,actual} - FLOW_{a,n,basecase}\right) + \left(TotalRatingChange_{a,n} * OPFSignChange_{a,n}\right)}{\left(FLOW_{a,n,actual} - FLOW_{a,n,basecase}\right) + \left(ISORatingChange_{a,n} * OPFSignChange_{a,n}\right)}\right]$$

Where:

$O/R\text{-}t\text{-}S\ ACR_{a,n}$ = The amount of the O/R-t-S Auction Constraint Residual for stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n*, as the case may be, for constraint *a*

$TotalRatingChange_{a,n}$ = The total change in the rating of constraint *a*, which shall be calculated as follows:

(a) For Reconfiguration Auction *n*, $TotalRatingChange_{a,n}$ shall be equal to (1) the rating limit, in MW-*p*, of constraint *a* in the last Centralized TCC Auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*, minus (2) the rating limit, in MW-*p*, of constraint *a* applicable in Reconfiguration Auction *n*

(b) For stage 1 round *n* of a 6-month sub-auction, $TotalRatingChange_{a,n}$ shall be equal to (1) the rating limit, in MW-*p*, of constraint *a* in a case where all transmission facilities are in-service and fully rated, minus (2) the rating limit, in MW-*p*, of constraint *a* in stage 1 round *n*

and the variable $ACR_{a,n}$ is as calculated pursuant to Formula B-17 or, if required, pursuant to Formula B-18, and each of the other variables are as defined in Formula B-17.

Formula B-20

$$U/D\ ACR_{a,n} = ACR_{a,n} * \left[\frac{-\left(TotalRatingChange_{a,n} - ISORatingChange_{a,n}\right) * OPFSignChange_{a,n}}{\left(FLOW_{a,n,actual} - FLOW_{a,n,basecase}\right) + \left(ISORatingChange_{a,n} * OPFSignChange_{a,n}\right)}\right]$$

Where,

$U/D\ ACR_{a,n}$ = The amount of the U/D Auction Constraint Residual for stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n*, as the case may be, for constraint *a*

and the variable $ACR_{a,n}$ is as calculated pursuant to Formula B-17 or, if required, pursuant to Formula B-18, the variable $TotalRatingChange_{a,n}$ is defined as set forth in Formula B-19 and each of the other variables are defined as set forth in Formula B-17.

17.5.3.6.2 Charges and Payments for the Direct Impact of Auction Outages and Returns-to-Service

The ISO shall use O/R-t-S Auction Constraint Residuals to allocate O/R-t-S Auction Revenue Shortfall Charges and O/R-t-S Auction Revenue Surplus Payments, as the case may be, among Transmission Owners pursuant to this Section 17.5.3.6.2. Each O/R-t-S Auction Revenue Shortfall Charge and each O/R-t-S Auction Revenue Surplus Payment allocated to a Transmission Owner pursuant to this Section 17.5.3.6.2 is subject to being set equal to zero pursuant to Section 17.5.3.6.5.

17.5.3.6.2.1 Identification of Outages and Returns-to-Service Qualifying for Charges and Payments

For each stage 1 round of a 6-month sub-auction or Reconfiguration Auction, as the case may be, the ISO shall identify each Qualifying Auction Outage and each Qualifying Auction Return-to-Service, as described below. The Transmission Owner responsible, as determined pursuant to Section 17.5.3.6.4, for the Qualifying Auction Outage or Qualifying Auction Return-to-Service shall be allocated an O/R-t-S Auction Revenue Shortfall Charge or an O/R-t-S Auction Revenue Surplus Payment pursuant to Sections 17.5.3.6.2.2 or 17.5.3.6.2.3.

17.5.3.6.2.1.1 Definition of Qualifying Auction Outage

A "**Qualifying Auction Outage**" (which term shall apply to stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n*, as the case may be) shall be defined to mean either an

Actual Qualifying Auction Outage or a Deemed Qualifying Auction Outage. For purposes of this Part 17.5 of this Attachment B, "*o*" shall refer to a single Qualifying Auction Outage.

An "**Actual Qualifying Auction Outage**" (which term shall apply to stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n*, as the case may be) shall be defined as a transmission facility that, for a given stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n*, as the case may be:

(a) For Reconfiguration Auction *n*, meets each of the following requirements:

(i) the facility existed and was modeled as in-service in the last 6-month sub-auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*; and

(ii) the facility exists but is not modeled as in-service for Reconfiguration Auction *n*;

(iii) the facility was not Normally Out-of-Service Equipment at the time of the last 6-month sub-auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*; or

(b) For stage 1 round *n* of a 6-month sub-auction, meets each of the following requirements:

(i) the facility exists but is not modeled as in-service for stage 1 round *n* of a 6-month sub-auction; and

(ii) the facility was not Normally Out-of-Service Equipment at the time of stage 1 round *n* of that 6-month sub-auction.

A "**Deemed Qualifying Auction Outage**" (which term shall apply only to a Reconfiguration Auction *n*) shall be defined as a transmission facility that, for Reconfiguration Auction *n*, meets each of the following requirements:

(i) the facility existed but was not modeled as in-service in the last 6-month sub-auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*;

(ii) the facility existed but was not modeled as in-service in Reconfiguration Auction *n* as a result of an Auction Status Change or external event described in Section 17.5.3.6.4.3 in Reconfiguration Auction *n* for which responsibility was assigned pursuant to Section 17.5.3.6.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner pursuant to 17.5.3.6.4) other than the Transmission Owner assigned responsibility for the facility not being modeled as in-service in the last 6-month sub-auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*;

(iii) the facility was not Normally Out-of-Service Equipment at the time of the last 6-month sub-auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*.

17.5.3.6.2.1.2 Definition of Qualifying Auction Return-to-Service

A "**Qualifying Auction Return-to-Service**" shall be defined to mean either an Actual Qualifying Auction Return-to-Service or a Deemed Qualifying Auction Return-to-Service. For purposes of this Part 17.5 of this Attachment B, "*o*" shall refer to a single Qualifying Auction Return-to-Service.

An "**Actual Qualifying Auction Return-to-Service**" shall be defined as a transmission facility that, for a given Reconfiguration Auction *n*, meets each of the following requirements:

(i) the facility existed but was not modeled as in-service for the last 6-month sub-auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*; and

(ii) the facility exists and is modeled as in-service in Reconfiguration Auction *n*;

(iii) the facility was not Normally Out-of-Service Equipment at the time of the last 6-month sub-auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*.

Notwithstanding any other provision of this Part 17.5 of this Attachment B, a transmission facility returning to service for stage 1 round *n* of a 6-month sub-auction shall not be an Actual Qualifying Auction Return-to-Service for that stage 1 round *n* and shall not qualify a Transmission Owner for an O/R-t-S Auction Revenue Shortfall Charge or O/R-t-S Auction Revenue Surplus Payment for that stage 1 round *n*.

A "**Deemed Qualifying Auction Return-to-Service**" shall be defined as a transmission facility that, for a given Reconfiguration Auction *n*, meets each of the following requirements:

(i) the facility existed but was not modeled as in-service in the last 6-month sub-auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*;

(ii) the facility existed but was not modeled as in-service in Reconfiguration Auction *n* as a result of an Auction Status Change or external event described in Section 17.5.3.6.4.3 in Reconfiguration Auction *n* for which responsibility was assigned pursuant to Section 17.5.3.6.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner pursuant to Section 17.5.3.6.4) other than the Transmission Owner assigned responsibility for the facility not being modeled as

in-service for the last 6-month sub-auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*; and

(iii) the facility was not Normally Out-of-Service Equipment at the time of the last 6-month sub-auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*.

17.5.3.6.2.2 Allocation of an O/R-t-S Auction Constraint Residual When Only One Transmission Owner is Responsible for All of the Relevant Outages and Returns-to-Service

This Section 17.5.3.6.2.2 describes the allocation of an O/R-t-S Auction Constraint Residual for a given stage 1 round of a 6-month sub-auction or Reconfiguration Auction, as the case may be, and a given constraint when only one Transmission Owner is responsible, as determined pursuant to Section 17.5.3.6.4, for all of the Qualifying Auction Outages and all of the Qualifying Auction Returns-to-Service for that stage 1 round of a 6-month sub-auction or Reconfiguration Auction that contribute to that constraint.

If the same Transmission Owner is responsible, as determined pursuant to Section 17.5.3.6.4, for all of the Qualifying Auction Outages *o* and Qualifying Auction Returns-to-Service *o* for stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n* that contribute to constraint *a*, then the ISO shall allocate the O/R-t-S Auction Constraint Residual for that stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n* and that constraint, O/R-t-S $ACR_{a,n}$, to that Transmission Owner in the form of either (i) an O/R-t-S Auction Revenue Shortfall Charge in the amount of O/R-t-S $ACR_{a,n}$ if O/R-t-S $ACR_{a,n}$ is negative, or (ii) an O/R-t-S Auction Revenue Surplus Payment in the amount of O/R-t-S $ACR_{a,n}$ if O/R-t-S $ACR_{a,n}$ is positive.

17.5.3.6.2.3 Allocation of an O/R-t-S Auction Constraint Residual When More Than One Transmission Owner is Responsible for the Relevant Outages and Returns-to-Service

This Section 17.5.3.6.2.3 describes the allocation of an O/R-t-S Auction Constraint Residual for a given stage 1 round of a 6-month sub-auction or Reconfiguration Auction, as the case may be, and a given constraint when more than one Transmission Owner is responsible, as determined pursuant to Section 17.5.3.6.4, for the Qualifying Auction Outages and the Qualifying Auction Returns-to-Service for that stage 1 round of a 6-month sub-auction or Reconfiguration Auction that contribute to that constraint.

If more than one Transmission Owner is responsible, as determined pursuant to Section 17.5.3.6.4, for the Qualifying Auction Outages and the Qualifying Auction Returns-to-Service for stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n* that contribute to constraint *a*, the ISO shall allocate the O/R-t-S Auction Constraint Residual for constraint *a* for stage 1 round *n* of a 6-month sub-auction or for Reconfiguration Auction *n*, O/R-t-S $ACR_{a,n}$, in the form of an O/R-t-S Auction Revenue Shortfall Charge or O/R-t-S Auction Revenue Surplus Payment to the Transmission Owners responsible for the Qualifying Auction Outages *o* and Qualifying Auction Returns-to-Service *o* for stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n* by first determining the net total impact on the constraint of all Qualifying Auction Outages and Qualifying Auction Returns-to Service for stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n* with an impact on the Energy flow across that constraint of 1 MW-*p* or more by applying Formula B-21, and then applying either Formula B-22 or Formula B-23, as specified herein, to assess O/R-t-S Auction Revenue Shortfall Charges and O/R-t-S Auction Revenue Surplus Payments.

Formula B-21

$$O/R\text{-}t\text{-}SNetAuctionImpact_{a,n} = \sum_{for\ all\ o \in O_n} FlowImpact_{a,n,o} * ShadowPrice_{a,n}$$

Where,

O/R-t-SNetAuctionImpact$_{a,n}$ = The net impact, in dollars, for stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n*, as the case may be, on constraint *a* of all Qualifying Auction Outages and Qualifying Auction Returns-to-Service for stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n* having an impact of more than 1 MW-*p* on Energy flow across constraint *a; provided, however, O/R-t-SNetAuctionImpact*$_{a,n}$ shall be subject to recalculation as specified in the paragraph immediately following this Formula B-21

FlowImpact$_{a,n,o}$ = The Energy flow impact, in MW-*p*, of a Qualifying Auction Outage *o* or Qualifying Auction Return-to-Service *o* on binding constraint *a* determined for Reconfiguration Auction *n* or stage 1 round *n* of a 6-month sub-auction, which shall either:

(a) if Qualifying Auction Outage *o* is a Deemed Qualifying Auction Outage, be equal to the negative of *FlowImpact*$_{a,n,o}$ calculated for the corresponding Deemed Qualifying Auction Return-to-Service as described in part (b) of this definition of *FlowImpact*$_{a,n,o}$, or

(b) if Qualifying Auction Outage *o* or Qualifying Auction Return-to-Service *o* is an Actual Qualifying Auction Outage, an Actual Qualifying Auction Return-to-Service, or a Deemed Qualifying Auction Return-to-Service, be calculated pursuant to the following formula:

$$FlowImpact_{a,n,o} = BaseCaseFlow_{a,n} - One\text{-}OffFlow_{a,n,o}$$

Where,

BaseCaseFlow$_{a,n}$ = Either, as the case may be:

(i) for a Reconfiguration Auction, the Energy flow on constraint *a* resulting from a Power Flow using (1) the set of injections and withdrawals corresponding to the actual TCCs and Grandfathered Rights represented in the solution to the last 6-

month sub-auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n* (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction); (2) the phase angle regulator schedule determined in the Optimal Power Flow solution for the final round of the last 6-month sub-auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*; and (3) the Transmission System model for the last 6-month sub-auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*; or

(ii) for any round of a 6-month sub-auction, the Energy flow on constraint *a* resulting from a Power Flow run using the following base case data set: (1) the Transmission System model for the actual 6-month sub-auction, modified so as to model as in-service all transmission facilities that were out-of-service for the actual 6-month sub-auction, and (2) the set of injections and withdrawals corresponding to the base case set of TCCs (including those pre-existing TCCs and Grandfathered Rights that are represented as fixed injections and withdrawals in the 6-month sub-auction) and the phase angle regulator schedule produced in the Optimal Power Flow used to calculate the Energy flow on constraint *a* for stage 1 round *n* of a 6-month sub-auction, as described in the definition of $FLOW_{a,n,basecase}$ in Formula B-17

$One\text{-}OffFlow_{a,n,o}$ = Either

(i) if Qualifying Auction Outage *o* or Qualifying Auction Return-to-Service *o* is an Actual Qualifying Auction Outage or an Actual Qualifying Auction Return-to-Service, the Energy flow on constraint *a* resulting from a Power Flow using each element of the base case data set used in the calculation of $BaseCaseFlow_{a,n}$

above (*provided, however*, if a transmission facility was modeled as free-flowing in stage 1 round *n* of a 6-month sub-auction or in Reconfiguration Auction *n*, as the case may be, because of the outage of any transmission facility, the ISO shall appropriately adjust the phase angle regulator schedule and related variables to model the transmission facility as free flowing), but in each case with the Transmission System model modified so as to, as the case may be, either (i) model as out-of-service Actual Qualifying Auction Outage *o*, or (ii) model as in-service Actual Qualifying Auction Return-to-Service *o*; or

(ii) if Qualifying Auction Return-to-Service *o* is a Deemed Qualifying Auction Return-to-Service, the Energy flow on constraint *a* resulting from a Power Flow using each element of the base case data set used in the calculation of $BaseCaseFlow_{a,n}$ above (*provided, however*, if a transmission facility was modeled as free-flowing in stage 1 round *n* of a 6-month sub-auction or in Reconfiguration Auction *n*, as the case may be, because of the outage of any transmission facility, the ISO shall appropriately adjust the phase angle regulator schedule and related variables to model the transmission facility as free flowing), but with the Transmission System model modified so as to model as in-service the facility that is Deemed Qualifying Auction Return-to-Service *o*;

provided, however, where the absolute value of $FlowImpact_{a,n,o}$ calculated using the procedures set forth above is less than 1 MW-*p*, then $FlowImpact_{a,n,o}$ shall be set equal to zero

provided further, $FlowImpact_{a,n,o}$ shall be subject to being set equal to zero as specified in the paragraph immediately following this Formula B-21

O_n = The set of all Qualifying Auction Outages *o* and Qualifying Auction Returns-to-Service *o* in stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n*

p = A one-month period for Reconfiguration Auction *n*, or a six-month period for stage 1 round *n* of a 6-month sub-auction

and the variable $ShadowPrice_{a,n}$ is defined as set forth in Formula B-17.

After calculating $O/R\text{-}t\text{-}SNetAuctionImpact_{a,n}$ pursuant to Formula B-21, the ISO shall determine whether $O/R\text{-}t\text{-}SNetAuctionImpact_{a,n}$ for constraint *a* in stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n* has a different sign than O/R-t-S $ACR_{a,n}$ for constraint *a* in stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n*. If the sign is different, the ISO shall (i) recalculate $O/R\text{-}t\text{-}SNetAuctionImpact_{a,n}$ pursuant to Formula B-21 after setting equal to zero each $FlowImpact_{a,n,o}$ for which $FlowImpact_{a,n,o} * ShadowPrice_{a,n}$ has a different sign than $O/R\text{-}t\text{-}S\ ACR_{a,n}$, and then (ii) use this recalculated $O/R\text{-}t\text{-}SNetAuctionImpact_{a,n}$ and reset value of $FlowImpact_{a,n,o}$ to allocate O/R-t-S Auction Revenue Shortfall Charges and O/R-t-S Auction Revenue Surplus Payments pursuant to Formula B-22 or Formula B-23, as specified below.

If the absolute value of the net impact ($O/R\text{-}t\text{-}SNetAuctionImpact_{a,n}$) on constraint *a* of all Qualifying Auction Outages and Qualifying Auction Returns-to-Service for stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n* as calculated using Formula B-21 (or recalculated pursuant to Formula B-21 using a reset value of $FlowImpact_{a,n,o}$ as described in the prior paragraph) is greater than the absolute value of the O/R-t-S Auction Constraint Residual ($O/R\text{-}t\text{-}S\ ACR_{a,n}$) for constraint *a* in stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n*, as the case may be, then the ISO shall allocate the O/R-t-S Auction Constraint Residual in the form of an O/R-t-S Auction Revenue Shortfall Charge, $O/R\text{-}t\text{-}S\ ARSC_{a,t,n}$, or O/R-t-S Auction Revenue Surplus Payment, $O/R\text{-}t\text{-}S\ ARSP_{a,t,n}$, by using Formula B-22. If the absolute value of the net impact ($O/R\text{-}t\text{-}SNetAuctionImpact_{a,n}$) on constraint *a* of all Qualifying

Auction Outages and Qualifying Auction Returns-to-Service for stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n* as calculated using Formula B-21 (or recalculated pursuant to Formula B-21 using a reset value of $FlowImpact_{a,n,o}$ as described in the prior paragraph) is less than or equal to the absolute value of the O/R-t-S Auction Constraint Residual ($O/R\text{-}t\text{-}S\ ACR_{a,n}$) for constraint *a* in stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n*, as the case may be, then the ISO shall allocate the O/R-t-S Auction Constraint Residual in the form of an O/R-t-S Auction Revenue Shortfall Charge, O/R-t-S $ARSC_{a,t,n}$, or O/R-t-S Auction Revenue Surplus Payment, O/R-t-S $ARSP_{a,t,n}$, by using Formula B-23.

Formula B-22

$$O/R\text{-}t\text{-}S\ Allocation_{a,t,n} = \left(\frac{\sum_{\substack{o \in O_n \\ and\ q=t}} \left(FlowImpact_{a,n,o} * Responsibility_{n,q,o} \right)}{\sum_{for\ all\ o \in O_n} FlowImpact_{a,n,o}} \right) * O/R\text{-}t\text{-}S\ ACR_{a,n}$$

Where,

$O/R\text{-}t\text{-}S\ Allocation_{a,t,n}$ = Either an O/R-t-S Auction Revenue Shortfall Charge or an O/R-t-S Auction Revenue Surplus Payment, as specified in (a) and (b) below:

(a) If $O/R\text{-}t\text{-}S\ Allocation_{a,t,n}$ is negative, then $O/R\text{-}t\text{-}S\ Allocation_{a,t,n}$ shall be an O/R-t-S Auction Revenue Shortfall Charge, $O/R\text{-}t\text{-}S\ ARSC_{a,t,n}$, charged to Transmission Owner *t* for binding constraint *a* in Reconfiguration Auction *n* or stage 1 round *n* of a 6-month sub-auction; or

(b) If $O/R\text{-}t\text{-}S\ Allocation_{a,t,n}$ is positive, then $O/R\text{-}t\text{-}S\ Allocation_{a,t,n}$ shall be an O/R-t-S Auction Revenue Surplus Payment, $O/R\text{-}t\text{-}S\ ARSP_{a,t,n}$, paid to Transmission Owner *t* for binding constraint *a* in Reconfiguration Auction *n* or stage 1 round *n* of a 6-month sub-auction

$Responsibility_{n,q,o}$ = The amount, as a percentage, of responsibility borne by Transmission Owner *q* (which shall include the ISO when it is deemed a Transmission Owner for the purpose of applying Sections 17.5.3.6.4.2 or 17.5.3.6.4.3) for Qualifying Auction Outage *o* or Qualifying Auction Return-to-Service *o* in Reconfiguration Auction *n* or stage 1 round *n* of a 6-month sub-auction, as determined pursuant to Section 17.5.3.6.4

and the variable $O/R\text{-}t\text{-}S\ ACR_{a,n}$ is defined as set forth in Formula B-19 and the variables $FlowImpact_{a,n,o}$ and O_n are defined as set forth in Formula B-21.

Formula B-23

$$O/R\text{-}t\text{-}S\ Allocation_{a,t,n} = \sum_{\substack{o \in O_n \\ and\ q=t}} FlowImpact_{a,n,o} * ShadowPrice_{a,n} * Responsibility_{n,q,o}$$

Where,

the variable $ShadowPrice_{a,n}$ is defined as set forth in Formula B-17, the variables $O/R\text{-}t\text{-}S\ Allocation_{a,t,n}$ and $Responsibility_{n,q,o}$ are defined as set forth in Formula B-22, and the variables $FlowImpact_{a,n,o}$ and O_n are defined as set forth in Formula B-21.

17.5.3.6.3 Charges and Payments for the Secondary Impact of Auction Outages and Returns-to-Service

The ISO shall use U/D Auction Constraint Residuals to allocate U/D Auction Revenue Shortfall Charges and U/D Auction Revenue Surplus Payments, as the case may be, among Transmission Owners pursuant to this Section 17.5.3.6.3. Each U/D Auction Revenue Shortfall Charge and each U/D Auction Revenue Surplus Payment allocated to a Transmission Owner pursuant to this Section 17.5.3.6.3 is subject to being set equal to zero pursuant to Section 17.5.3.6.5.

17.5.3.6.3.1 Identification of Upratings and Deratings Qualifying for Charges and Payments

For each constraint for each stage 1 round of a 6-month sub-auction or Reconfiguration Auction, the ISO shall identify each Qualifying Auction Derating and each Qualifying Auction Uprating, as described below. The Transmission Owner responsible, as determined pursuant to Section 17.5.3.6.4, for a Qualifying Auction Derating or Qualifying Auction Uprating shall be allocated a U/D Auction Revenue Shortfall Charge or a U/D Auction Revenue Surplus Payment, as the case may be, pursuant to Section 17.5.3.6.3.2.

17.5.3.6.3.1.1 Definition of Qualifying Auction Derating

A "**Qualifying Auction Derating**" (which term shall apply to stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n,* as the case may be) shall be defined to mean an Actual Qualifying Auction Derating or a Deemed Qualifying Auction Derating. For purposes of this Part 17.5 of this Attachment B, "*r*" shall refer to a single Qualifying Auction Derating.

An "**Actual Qualifying Auction Derating**" (which term shall apply to stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n*, as the case may be) shall be defined as a change in the rating of a constraint that, for a given constraint *a* and a given stage 1 round *n* or Reconfiguration Auction *n* meets each of the following requirements:

For Reconfiguration Auction *n*:

(i) the constraint has a lower rating in Reconfiguration Auction *n* than it would have if all transmission facilities were modeled as in-service in Reconfiguration Auction *n*;

(ii) this lower rating is in whole or in part the result of an Actual Qualifying Auction Outage *o* or an Actual Qualifying Auction Return-to-Service *o* for Reconfiguration Auction *n*;

(iii) the lower rating resulting from Actual Qualifying Auction Outage *o* or Actual Qualifying Auction Return-to-Service *o* for Reconfiguration Auction *n* was not modeled in the last 6-month sub-auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*;

(iv) this lower rating is included in the Reconfiguration Auction Interface Uprate/Derate Table in effect for Reconfiguration Auction *n*; and

(v) the constraint was binding in Reconfiguration Auction *n*.

For stage 1 round *n* of a 6-month sub-auction:

(i) the constraint has a lower rating in stage 1 round *n* of the 6-month sub-auction than that constraint would have in a case where all transmission facilities are in-service and fully rated;

(ii) this lower rating is the result of an Actual Qualifying Auction Outage *o* or Actual Qualifying Auction Return-to-Service *o* for stage 1 round *n* of the 6-month sub-auction;

(iii) this lower rating is included in the Centralized TCC Auction Interface Uprate/Derate Table in effect for stage 1 round *n* of the 6-month sub-auction; and

(iv) the constraint is binding in stage 1 round *n* of the 6-month sub-auction.

A "**Deemed Qualifying Auction Derating**" (which term shall apply to Reconfiguration Auction *n*) shall be defined as a change in the rating of a constraint that, for a given constraint *a* and a given Reconfiguration Auction *n* meets each of the following requirements:

(i) the constraint has a lower rating in Reconfiguration Auction *n* than it would have if all transmission facilities were modeled as in-service in Reconfiguration Auction *n*;

(ii) this lower rating is in whole or in part the result of a Deemed Qualifying Auction Outage *o* or Deemed Qualifying Auction Return-to-Service *o* for Reconfiguration Auction *n*;

(iii) this lower rating resulting from Deemed Qualifying Auction Outage *o* or Deemed Qualifying Auction Return-to-Service *o* for Reconfiguration Auction *n* was modeled in the last 6-month sub-auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*, but responsibility for Qualifying Auction Outage *o* or Qualifying Auction Return-to-Service *o* resulting in the lower rating for Reconfiguration Auction *n* is assigned pursuant to Section 17.5.3.6.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner pursuant to Section 17.5.3.6.4) other than the Transmission Owner responsible for the lower rating in the last 6-month sub-auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*;

(iv) this lower rating is included in the Reconfiguration Auction Interface Uprate/Derate Table in effect for Reconfiguration Auction *n*; and

(v) the constraint is binding in Reconfiguration Auction *n*.

17.5.3.6.3.1.2 Definition of Qualifying Auction Uprating

A "**Qualifying Auction Uprating**" shall be defined to mean either an Actual Qualifying Auction Uprating or a Deemed Qualifying Auction Uprating. For purposes of this Part 17.5 of this Attachment B, "*r*" shall refer to a single Qualifying Auction Uprating.

An "**Actual Qualifying Auction Uprating**" shall be defined as a change in the rating of a constraint that, for a given constraint *a* and Reconfiguration Auction *n*, as the case may be, meets each of the following requirements:

(i) the constraint has a higher rating for Reconfiguration Auction *n* than it would have absent an Actual Qualifying Auction Outage *o* or Actual Qualifying Auction Return-to-Service *o* for Reconfiguration Auction *n*;

(ii) this higher rating resulting from Actual Qualifying Auction Outage *o* or Actual Qualifying Auction Return-to-Service *o* for Reconfiguration Auction *n* was not modeled in the last 6-month sub-auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*;

(iii) this higher rating is included in the Reconfiguration Auction Interface Uprate/Derate Table in effect for Reconfiguration Auction *n*; and

(iv) the constraint is binding in Reconfiguration Auction *n*.

Notwithstanding any other provision of this Part 17.5 of this Attachment B, a transmission facility uprating for a stage 1 round of a 6-month sub-auction shall not be a Qualifying Auction Uprating and shall not qualify a Transmission Owner for a U/D Auction Revenue Shortfall Charge or U/D Auction Revenue Surplus Payment.

A "**Deemed Qualifying Auction Uprating**" shall be defined as a change in the rating of a constraint that, for a given constraint *a* and Reconfiguration Auction *n*, as the case may be, meets each of the following requirements:

(i) the constraint has a lower rating in Reconfiguration Auction *n* than it would have if all transmission facilities were modeled as in-service in Reconfiguration Auction *n*;

(ii) this lower rating is in whole or in part the result of a Deemed Qualifying Auction Outage *o* or Deemed Qualifying Auction Return-to-Service *o* for Reconfiguration Auction *n*;

(iii) this lower rating resulting from Deemed Qualifying Auction Outage *o* or Deemed Qualifying Auction Return-to-Service *o* for Reconfiguration Auction *n* was modeled in the last 6-month sub-auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*, but responsibility for Qualifying Auction Outage *o* or Qualifying Auction Return-to-Service *o* resulting in the lower rating for Reconfiguration Auction *n* is assigned pursuant to Section 17.5.3.6.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner pursuant to Section 17.5.3.6.4) other than the Transmission Owner responsible for the lower rating in the last auction held for TCCs valid for hour *h*;

(iv) this lower rating in Reconfiguration Auction *n* is included in the Reconfiguration Auction Interface Uprate/Derate Table in effect for Reconfiguration Auction *n*; and

(v) the constraint is binding in Reconfiguration Auction *n*.

17.5.3.6.3.2 Allocation of U/D Auction Constraint Residuals

This Section 17.5.3.6.3.2 describes the allocation of U/D Auction Constraint Residuals to Qualifying Auction Deratings and Qualifying Auction Upratings.

When there are Qualifying Auction Deratings or Qualifying Auction Upratings in Reconfiguration Auction *n* or stage 1 round *n* of a 6-month sub-auction for constraint *a,* the ISO shall allocate a U/D Auction Constraint Residual in the form of a U/D Auction Revenue Shortfall Charge, U/D $ARSC_{a,t,n}$, or U/D Auction Revenue Surplus Payment, U/D $ARSP_{a,t,n}$, by first determining the net total impact on the constraint for the stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n* of all Qualifying Auction Deratings *r* and Qualifying

Auction Upratings *r* for constraint *a* in Reconfiguration Auction *n* or stage 1 round *n* of a 6-month sub-auction pursuant to Formula B-24 and then applying either Formula B-25 or Formula B-26, as specified herein, to assess U/D Auction Revenue Shortfall Charges and U/D Auction Revenue Surplus Payments.

Formula B-24

$$U/D\ NetAuctionImpact_{a,n} = \left(\sum_{r \in R_{a,n}} RatingChange_{a,n,r} * ShadowPrice_{a,n} \right) * OPFSignChange_{a,n}$$

Where,

$U/D\ NetAuctionImpact_{a,n}$ = The net impact, in dollars, on constraint *a* in Reconfiguration Auction *n* or stage 1 round *n* of a 6-month sub-auction of all Qualifying Auction Deratings or Qualifying Auction Upratings for constraint *a* in Reconfiguration Auction *n* or stage 1 round *n* of a 6-month sub-auction; *provided, however*, $U/D\ NetAuctionImpact_{a,n}$ shall be subject to recalculation as specified in the paragraph immediately following this Formula B-24

$RatingChange_{a,n,r}$ = Either:

(a) If Qualifying Auction Derating *r* or Qualifying Auction Uprating *r* is a Deemed Qualifying Auction Derating or a Deemed Qualifying Auction Uprating, $RatingChange_{a,n,r}$ shall be equal to the amount, in MW-*p*, of the decrease or increase in the rating of binding constraint *a* in Reconfiguration Auction *n* or stage 1 round *n* of a 6-month sub-auction resulting from a Deemed Qualifying Auction Outage or Deemed Qualifying Auction Return-to-Service for constraint *a* in Reconfiguration Auction *n* or stage 1 round *n* of a 6-month sub-auction, which in the case of Reconfiguration Auction *n* shall be as shown in the Reconfiguration Auction Interface Uprate/Derate Table in effect for Reconfiguration Auction *n*, and which in the case of stage 1 round *n* of a 6-month sub-auction shall be as

shown in the Centralized TCC Auction Interface Uprate/Derate Table in effect for stage 1 round *n* of a 6-month sub-auction; or

(b) If Qualifying Auction Derating *r* or Qualifying Auction Uprating *r* is an Actual Qualifying Auction Derating or an Actual Qualifying Auction Uprating, $\text{RatingChange}_{a,n,r}$ shall be equal to the amount, in MW-*p*, of the decrease or increase in the rating of binding constraint *a* in Reconfiguration Auction *n* or stage 1 round *n* of a 6-month sub-auction resulting from an Actual Qualifying Auction Outage or Actual Qualifying Auction Return-to-Service for constraint *a* in Reconfiguration Auction *n* or stage 1 round *n* of a 6-month sub-auction, which in the case of Reconfiguration Auction *n* shall be as shown in the Reconfiguration Auction Interface Uprate/Derate Table in effect for Reconfiguration Auction n, and which in the case of stage 1 round n of a 6-month sub-auction shall be as shown in the Centralized TCC Auction Interface Uprate/Derate Table in effect for stage 1 round n of a 6-month sub-auction;

provided, however, $RatingChange_{a,n,r}$ shall be subject to being set equal to zero as specified in the paragraph immediately following this Formula B-24

$R_{a,n}$ = The set of all Qualifying Auction Deratings *r* or Qualifying Auction Upratings *r* for binding constraint *a* in Reconfiguration Auction *n* or stage 1 round *n* of a 6-month sub-auction

and the variables $ShadowPrice_{a,n}$ and $OPFSignChange_{a,n}$ are defined as set forth in Formula B-17.

After calculating U/D $\text{NetAuctionImpact}_{a,n}$ pursuant to Formula B-24, the ISO shall determine whether U/D $\text{NetAuctionImpact}_{a,n}$ for constraint *a* in stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n* has a different sign than U/D $\text{ACR}_{a,n}$ for constraint *a* in stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n*. If the sign is

different, the ISO shall (i) recalculate U/D $\text{NetAuctionImpact}_{a,n}$ pursuant to Formula B-24 after setting equal to zero each $\text{RatingChange}_{a,n,r}$ for which $\text{RatingChange}_{a,n,r}$ * $\text{ShadowPrice}_{a,n}$ * $\text{OPFSignChange}_{a,n}$ has a different sign than U/D $\text{ACR}_{a,n}$, and then (ii) use this recalculated U/D $\text{NetAuctionImpact}_{a,n}$ and reset value of $\text{RatingChange}_{a,n,r}$ to allocate U/D Auction Revenue Shortfall Charges and U/D Auction Revenue Surplus Payments pursuant to Formula B-25 or Formula B-26, as specified below.

If the absolute value of the net impact (U/D $\text{NetAuctionImpact}_{a,n}$) on constraint *a* for Reconfiguration Auction *n* or stage 1 round *n* of a 6-month sub-auction of all Qualifying Auction Deratings or Qualifying Auction Upratings for constraint *a* in Reconfiguration Auction *n* or stage 1 round *n* of a 6-month sub-auction as calculated using Formula B-24 (or recalculated pursuant to Formula B-24 using a reset value of $\text{RatingChange}_{a,n,r}$ as described in the prior paragraph) is greater than the absolute value of the U/D Auction Constraint Residual (U/D $\text{ACR}_{a,n}$) for constraint *a* in Reconfiguration Auction *n* or stage 1 round *n* of a 6-month sub-auction, as the case may be, then the ISO shall allocate the U/D Auction Constraint Residual in the form of a U/D Auction Revenue Shortfall Charge, U/D $\text{ARSC}_{a,t,n}$, or U/D Auction Revenue Surplus Payment, U/D $\text{ARSP}_{a,t,n}$, by using Formula B-25. If the absolute value of the net impact (U/D $\text{NetAuctionImpact}_{a,n}$) on constraint *a* for Reconfiguration Auction *n* or stage 1 round *n* of a 6-month sub-auction of all Qualifying Auction Deratings or Qualifying Auction Upratings for constraint *a* in Reconfiguration Auction *n* or stage 1 round *n* of a 6-month sub-auction as calculated using Formula B-24 (or recalculated pursuant to Formula B-24 using a reset value of $\text{RatingChange}_{a,n,r}$ as described in the prior paragraph) is less than or equal to the absolute value of the U/D Auction Constraint Residual (U/D $\text{ACR}_{a,n}$) for constraint *a* in Reconfiguration Auction *n* or stage 1 round *n* of a 6-month sub-auction, as the case may be, then the ISO shall allocate the

U/D Auction Constraint Residual in the form of a U/D Auction Revenue Shortfall Charge, U/D $ARSC_{a,t,n}$, or U/D Auction Revenue Surplus Payment, U/D $ARSP_{a,t,n}$, by using Formula B-26.

Formula B-25

$$U/D\ Allocation_{a,t,n} = \left(\frac{\sum_{\substack{r \in R_{a,n} \\ and\ q=t}} \left(RatingChange_{a,n,r} * Responsibility_{n,q,r} \right)}{\sum_{for\ all\ r \in R_{a,n}} RatingChange_{a,n,r}} \right) * U/D\ ACR_{a,n}$$

Where,

$U/D\ Allocation_{a,t,n}$ = Either a U/D Auction Revenue Shortfall Charge or a U/D Auction Revenue Surplus Payment, as specified in (a) and (b) below:

(a) If $U/D\ Allocation_{a,t,n}$ is negative, then $U/D\ Allocation_{a,t,n}$ shall be a U/D Auction Revenue Shortfall Charge, $U/D\ ARSC_{a,t,n}$, charged to Transmission Owner *t* for binding constraint *a* in Reconfiguration Auction *n* or stage 1 round *n* of a 6-month sub-auction; or

(b) If $U/D\ Allocation_{a,t,n}$ is positive, then $U/D\ Allocation_{a,t,n}$ shall be a U/D Auction Revenue Surplus Payment, $U/D\ ARSP_{a,t,n}$, paid to Transmission Owner *t* for binding constraint *a* in Reconfiguration Auction *n* or stage 1 round *n* of a 6-month sub-auction

$Responsibility_{n,q,r}$ = The amount, as a percentage, of responsibility borne by Transmission Owner *q* (which shall include the ISO when it is deemed a Transmission Owner for the purpose of applying Sections 17.5.3.6.4.2 or 17.5.3.6.4.3) for Qualifying Auction Derating *r* or Qualifying Auction Uprating *r* in Reconfiguration Auction *n* or stage 1 round *n* of a 6-month sub-auction, as determined pursuant to Section 17.5.3.6.4

and the variable $U/D\ ACR_{a,n}$ is defined as set forth in Formula B-20 and the variables $RatingChange_{a,n,r}$ and $R_{a,n}$ are defined as set forth in Formula B-24.

Formula B-26

$$U/D\ Allocation_{a,t,n} = \sum_{\substack{r \in R_{a,n} \\ and\ q=t}} RatingChange_{a,n,r} * ShadowPrice_{a,n} * Responsibility_{n,q,r}$$

Where,

the variables $U/D\ Allocation_{a,t,n}$ and $Responsibility_{n,q,r}$ are defined as set forth in Formula B-25, the variable $ShadowPrice_{a,n}$ is defined as set forth in Formula B-17, and the variables $RatingChange_{a,n,r}$ and $R_{a,n}$ are defined as set forth in Formula B-24.

17.5.3.6.4 Assigning Responsibility for Outages, Returns-to-Service, Deratings, and Upratings

17.5.3.6.4.1 General Rule for Assigning Responsibility; Presumption of Causation

Unless the special rules set forth in Sections 17.5.3.6.4.2 or 17.5.3.6.4.3 apply, a Transmission Owner shall for purposes of this Section 17.5.3.6 be deemed responsible for an Auction Status Change to the extent that the Transmission Owner has caused the Auction Status Change by changing the in-service or out-of-service status of its transmission facility; *provided, however*, that where an Auction Status Change results from a change to the in-service or out-of-service status of a transmission facility owned by more than one Transmission Owner, responsibility for such Auction Status Change shall be assigned to each owning Transmission Owner based on the percentage of the transmission facility that is owned by the Transmission Owner (as determined in accordance with Section 17.5.3.6.6.3) during the hour for which the DAM Status Change occurred. For the sake of clarity, a Transmission Owner may, by changing the in-service or out-of-service status of its transmission facility, cause an Auction Status Change of another transmission facility if the Transmission Owner's change in the in-service or out-of-service status of its transmission facility causes (directly or as a result of Good Utility Practice) a change in the in-service or out-of-service status of the other transmission facility.

The Transmission Owner that owns a transmission facility that qualifies as an Auction Status Change shall be deemed to have caused the Auction Status Change of that transmission facility unless (i) the Transmission Owner that owns the facility informs the ISO that another Transmission Owner caused the Auction Status Change or that responsibility is to be shared among Transmission Owners in accordance with Sections 17.5.3.6.4.2 or 17.5.3.6.4.3, and no party disputes such claim; (ii) in case of a dispute over the assignment of responsibility, the ISO determines a Transmission Owner other than the owner of the transmission facility caused the Auction Status Change or that responsibility is to be shared among Transmission Owners in accordance with Section 17.5.3.6.4.2 or Section 17.5.3.6.4.3; or (iii) FERC orders otherwise.

17.5.3.6.4.2 Shared Responsibility for Outages, Returns-to-Service, and Ratings Changes Directed by the ISO or Caused by Facility Status Changes Directed by the ISO

A Transmission Owner shall not be responsible for any Auction Status Change that qualifies as an ISO-Directed Auction Status Change or Deemed ISO-Directed Auction Status Change. Instead, the ISO shall allocate any revenue impacts resulting from an Auction Status Change that qualifies as an ISO-Directed Auction Status Change or Deemed ISO-Directed Auction Status Change as part of Net Auction Revenues for stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n*. To do so, the ISO shall be treated as a Transmission Owner when allocating Auction Constraint Residuals pursuant to Section 17.5.3.6.2 and Section 17.5.3.6.3, and any Auction Status Change that qualifies as an ISO-Directed Auction Status Change or Deemed ISO-Directed Auction Status Change shall be attributed to the ISO when performing the calculations described in Section 17.5.3.6.2 and Section 17.5.3.6.3; *provided, however,* any O/R-t-S Auction Revenue Shortfall Charge, U/D Auction Revenue Shortfall Charge, O/R-t-S Auction Revenue Surplus Payment, or U/D Auction Revenue Surplus

Payment allocable to the ISO pursuant to this Section 17.5.3.6.4.2 shall ultimately be allocated to the Transmission Owners as Net Auction Revenues pursuant to Section 17.5.3.7.

Responsibility for a Qualifying Auction Return-to-Service or Qualifying Auction Uprating that is directed by the ISO but does not qualify as a Deemed ISO-Directed Auction Status Change shall be assigned to the Transmission Owner that was responsible for the Qualifying Auction Outage or Qualifying Auction Derating in the last 6-month sub-auction held for TCCs valid during the month corresponding to the relevant Reconfiguration Auction.

The ISO shall not direct that a transmission facility be modeled as in-service or out-of-service for purposes of a Reconfiguration Auction without the unanimous consent of the Transmission Owner(s), if any, that will be allocated a resulting O/R-t-S Auction Revenue Shortfall Charge, U/D Auction Revenue Shortfall Charge, O/R-t-S Auction Revenue Surplus Payment, or U/D Auction Revenue Surplus Payment in accordance with this Section 17.5.3.6.4.2.

17.5.3.6.4.3 Shared Responsibility for External Events

A Transmission Owner shall not be responsible for an Auction Status Change occurring inside the NYCA that is caused by a change in the in-service or out-of-service status or rating of a transmission facility located outside the NYCA. Instead, the ISO shall allocate any revenue impacts resulting from an Auction Status Change caused by such an event outside the NYCA as part of Net Auction Revenues for stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n*. To do so, the ISO shall be treated as a Transmission Owner when allocating Auction Constraint Residuals pursuant to Section 17.5.3.6.2 and Section 17.5.3.6.3 and any Auction Status Change caused by such an event outside the NYCA shall be attributed to the ISO; *provided, however,* any O/R-t-S Auction Revenue Shortfall Charge, U/D Auction Revenue

Shortfall Charge, O/R-t-S Auction Revenue Surplus Payment, or U/D Auction Revenue Surplus Payment allocable to the ISO pursuant to this Section 17.5.3.6.4.3 shall ultimately be allocated to the Transmission Owners as Net Auction Revenues pursuant to Section 17.5.3.7.

17.5.3.6.5 Exceptions: Setting Charges and Payments to Zero

17.5.3.6.5.1 Zeroing Out of Charges and Payments When Outages and Deratings Lead to Net Payments or Returns-to-Service and Upratings Lead to Net Charges

The ISO shall use Formula B-27 to calculate the total O/R-t-S Auction Revenue Shortfall Charges, U/D Auction Revenue Shortfall Charges, O/R-t-S Auction Revenue Surplus Payments, and U/D Auction Revenue Surplus Payments, $\text{NetAuctionAllocations}_{t,n}$, for Transmission Owner *t* in stage 1 round *n* of a 6-month sub-auction or in Reconfiguration Auction *n*, as the case may be. Based on this calculation, the ISO shall set equal to zero all O/R-t-S $\text{ARSC}_{a,t,n}$, U/D $\text{ARSC}_{a,t,n}$, O/R-t-S $\text{ARSP}_{a,t,n}$, and U/D $\text{ARSP}_{a,t,n}$ (each as defined in Formula B-27) for Transmission Owner *t* for all constraints for stage 1 round *n* of a 6-month sub-auction or Reconfiguration Auction *n*, as the case may be, if (i) $\text{NetAuctionAllocations}_{t,n}$ is positive and Transmission Owner *t* is not responsible (as determined pursuant to Section 17.5.3.6.4) for any Qualifying Auction Returns-to-Service or Qualifying Auction Upratings in stage 1 round *n* of a 6-month sub-auction or in Reconfiguration Auction *n*, as the case may be, or (ii) $\text{NetAuctionAllocations}_{t,n}$ is negative and Transmission Owner *t* is not responsible (as determined pursuant to Section 17.5.3.6.4) for any Qualifying Auction Outages or Qualifying Auction Deratings in stage 1 round *n* of a 6-month sub-auction or in Reconfiguration Auction *n*, as the case may be; *provided, however*, the ISO shall not set equal to zero pursuant to this Section 17.5.3.6.5.1 any O/R-t-S $\text{ARSC}_{a,t,n}$, U/D $\text{ARSC}_{a,t,n}$, O/R-t-S $\text{ARSP}_{a,t,n}$, or U/D $\text{ARSP}_{a,t,n}$

arising from an ISO-Directed Auction Status Change or Deemed ISO-Directed Auction Status Change described in Section 17.5.3.6.4.2 or external events described in Section 17.5.3.6.4.3.

Formula B-27

$$NetAuctionAllocations_{t,n} = \sum_{for\ all\ a} \left(O/R\text{-}t\text{-}S\ ARSC_{a,t,n} + U/D\ ARSC_{a,t,n} + O/R\text{-}t\text{-}S\ ARSP_{a,t,n} + U/D\ ARSP_{a,t,n} \right)$$

Where,

$NetAuctionAllocations_{t,n}$ = The total of the O/R-t-S Auction Revenue Shortfall Charges, U/D Auction Revenue Shortfall Charges, O/R-t-S Auction Revenue Surplus Payments, and U/D Auction Revenue Surplus Payments allocated to Transmission Owner *t* in stage 1 round *n* of a 6-month sub-auction or in Reconfiguration Auction *n*

$O/R\text{-}t\text{-}S\ ARSC_{a,t,n}$ = An O/R-t-S Auction Revenue Shortfall Charge allocated to Transmission Owner *t* for binding constraint *a* in stage 1 round *n* of a 6-month sub-auction or in Reconfiguration Auction *n*, calculated pursuant to Section 17.5.3.6.2

$U/D\ ARSC_{a,t,n}$ = A U/D Auction Revenue Shortfall Charge allocated to Transmission Owner *t* for binding constraint *a* in stage 1 round *n* of a 6-month sub-auction or in Reconfiguration Auction *n*, calculated pursuant to Section 17.5.3.6.3

$O/R\text{-}t\text{-}S\ ARSP_{a,t,n}$ = An O/R-t-S Auction Revenue Surplus Payment allocated to Transmission Owner *t* for binding constraint *a* in stage 1 round *n* of a 6-month sub-auction or in Reconfiguration Auction *n*, calculated pursuant to Section 17.5.3.6.2

$U/D\ ARSP_{a,t,n}$ = A U/D Auction Revenue Surplus Payment allocated to Transmission Owner *t* for binding constraint *a* in stage 1 round *n* of a 6-month sub-auction or in Reconfiguration Auction *n*, calculated pursuant to Section 17.5.3.6.3.

17.5.3.6.5.2 Zeroing Out of Charges and Payments Resulting from Formula Failure

Notwithstanding any other provision of this Part 17.5 of this Attachment B, the ISO shall set equal to zero any O/R-t-S Auction Revenue Shortfall Charge, U/D Auction Revenue Shortfall Charge, O/R-t-S Auction Revenue Surplus Payment, or U/D Auction Revenue Surplus Payment allocated to a Transmission Owner for a Reconfiguration Auction or a round of a Centralized TCC Auction if either:

(i) data necessary to compute such a charge or payment, as specified in the formulas set forth in Section 17.5.3.6, is not known by the ISO and cannot be computed by the ISO (in interpreting this clause, equipment failure shall not preclude computation by the ISO unless necessary data is irretrievably lost); or

(ii) both (a) the charge or payment is clearly and materially inconsistent with cost causation principles; and (b) this inconsistency is the result of factors not taken into account in the formulas used to calculate the charge or payment;

provided, however, if the amount of charges or payments set equal to zero as a result of the unknown data or inaccurate formula is greater than twenty five thousand dollars ($25,000) in any given month or greater than one hundred thousand dollars ($100,000) over multiple months, the ISO will inform the Transmission Owners of the identified problem and will work with the Transmission Owners to determine if an alternative allocation method is needed and whether it will apply to all months for which the intended formula does not work. Alternate methods would be subject to market participant review and subsequent filing with FERC, as appropriate.

For the sake of clarity, the ISO shall not pursuant to this Section 17.5.3.6.5.2 set equal to zero any O/R-t-S Auction Revenue Shortfall Charge, U/D Auction Revenue Shortfall Charge, O/R-t-S Auction Revenue Surplus Payment, or U/D Auction Revenue Surplus Payment that fails to meet these conditions, even if another O/R-t-S Auction Revenue Shortfall Charge, U/D Auction Revenue Shortfall Charge, O/R-t-S Auction Revenue Surplus Payment, or U/D Auction Revenue Surplus Payment is set equal to zero pursuant to this Section 17.5.3.6.5.2 in the same round of a Centralized TCC Auction or the same Reconfiguration Auction, as the case may be.

17.5.3.6.6 Information Requirements

17.5.3.6.6.1 Posting of Uprate/Derate Tables

Prior to each Reconfiguration Auction, the ISO shall post on its website the Reconfiguration Auction Interface Uprate/Derate Table, which table shall specify the expected impact (at the time of the Reconfiguration Auction based on all information available to the ISO) of all transmission facility outages and returns-to-service on interface transfer limits for the period for which TCCs are to be sold in the Reconfiguration Auction.

Prior to each Centralized TCC Auction, the ISO shall post on its website the Centralized TCC Auction Interface Uprate/Derate Table, which table shall specify the expected impact (at the time of the Centralized TCC Auction based on all information available to the ISO) of all transmission facility outages and returns-to-service on interface transfer limits for the period for which TCCs are to be sold in each sub-auction of the Centralized TCC Auction.

17.5.3.6.6.2 Posting of List of Normally Out-of-Service Equipment

The ISO shall maintain on its website a list of Normally Out-of-Service Equipment and update such list prior to each Reconfiguration Auction and each Centralized TCC Auction.

17.5.3.6.6.3 Information Regarding Facility Ownership

A Transmission Owner shall be responsible for informing the ISO of any change in the ownership of a transmission facility. The ISO shall allocate responsibility for Auction Status Changes based on the transmission facility ownership information available to it at the time of initial settlement.

17.5.3.7 Allocation of Net Auction Revenue to Transmission Owners

In Centralized TCC Auction round *n* or in Reconfiguration Auction *n*, as the case may be, the ISO shall use the Facility Flow-Based Methodology to allocate Net Auction Revenue to each

Transmission Owner *t* in an amount equal to the product of (i) the Facility Flow-Based Methodology coefficient, $FFB_{t,n}$, and (ii) the Net Auction Revenue for the round or for the Reconfiguration Auction; *provided, however*, where the Net Auction Revenue is negative for a Reconfiguration Auction, the ISO shall allocate Net Auction Revenue to each Transmission Owner *t* in an amount equal to the product of (i) the negative Net Auction Revenue coefficient, $NNAR_{t,n}$, and (ii) the negative Net Auction Revenue for the Reconfiguration Auction.

Calculation of Facility Flow-Based Methodology Coefficient. The Facility Flow-Based Methodology coefficient for Transmission Owner *t* for Centralized TCC Auction round *n* or Reconfiguration Auction *n* is calculated pursuant to Formula B-28.

Formula B-28

$$FFB_{t,n} = \frac{\sum_{l \in L_{t,n}} \left| \left(FLOW_{l,n} - FLOW_{l,IC}\right) * \left(Price_{y,l} - Price_{x,l}\right) * Share_{n,t,l} \right|}{\sum_{l \in L_n} \left| \left(FLOW_{l,n} - FLOW_{l,IC}\right) * \left(Price_{y,l} - Price_{x,l}\right) \right|}$$

Where,

$FFB_{t,n}$ = The Facility Flow-Based Methodology coefficient for Transmission Owner *t* for Centralized TCC Auction round *n* or Reconfiguration Auction *n*, as the case may be

L_n = The set of all transmission facilities modeled in the Transmission System model for round *n* or for Reconfiguration Auction *n*, as the case may be

$L_{t,n}$ = The set of all transmission facilities owned by Transmission Owner *t* that are modeled in the Transmission System model applied in round *n* or in Reconfiguration Auction *n*, as the case may be

l = A transmission facility from bus *x* to bus *y*

$FLOW_{l,n}$ = The Energy flow, in MW-*p*, on transmission facility *l* from the set of TCCs and Grandfathered Rights represented in the solution to round *n* or to Reconfiguration Auction *n*, as the case may be (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction)

$FLOW_{l,IC}$ = The Energy flow, in MW-*p*, on transmission facility *l* from (i) the set of pre-existing TCCs and Grandfathered Rights represented as fixed

injections and withdrawals in administering the TCC auction held for round *n* or Reconfiguration Auction *n*, as the case may be, (ii) ETCNL not sold in prior Centralized TCC Auctions or through a Direct Sale, and (iii) Original Residual TCCs not sold in prior Centralized TCC Auctions or through a Direct Sale

$Price_{y,l}$ = The market clearing price at bus *y* on transmission facility *l* in the Optimal Power Flow solution to round *n* or Reconfiguration Auction *n*, as the case may be

$Price_{x,l}$ = The market clearing price at bus *x* on transmission facility *l* in the Optimal Power Flow solution to round *n* or Reconfiguration Auction *n*, as the case may be

$Share_{n,t,l}$ = The percentage of transmission facility *l* owned by Transmission Owner *t* on the effective date of the TCCs sold in round *n* or in Reconfiguration Auction *n*

p = A one-month period for Reconfiguration Auction *n*, or the effective period of TCCs sold in round *n* for round *n*.

Calculation of Negative Net Auction Revenue Coefficient. The negative Net Auction Revenue coefficient for Transmission Owner t for Reconfiguration Auction n is calculated pursuant to Formula B-29.

Formula B-29

$$NNAR_{t,n} = \frac{\left(OriginalResidual_{t,n} + ETCNL_{t,n} + NARs_{t,n} + GFR\&GFTCC_{t,n} + HFPTCC_{t,n}\right)}{\sum_{q \in T}\left(OriginalResidual_{q,n} + ETCNL_{q,n} + NARs_{q,n} + GFR\&GFTCC_{q,n} + HFPTCC_{q,n}\right)}$$

Where,

$NNAR_{t,n}$ = The negative Net Auction Revenue coefficient for Transmission Owner *t* for Reconfiguration Auction *n*

$Original\ Residual_{q,n}$ = The one-month portion of the revenue imputed to the Direct Sale or the sale in any Centralized TCC Auction sub-auction of Original Residual TCCs that are valid during the month corresponding to Reconfiguration Auction *n*. The one-month portion of the revenue imputed to the Direct Sale of these Original Residual TCCs shall be one-sixth of the average market clearing price in the stage 1 rounds of the 6-month sub-auction of the last Centralized TCC Auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*. The one-month portion of the revenue imputed to the sale in any Centralized TCC Auction sub-auction of these Original Residual TCCs shall be calculated by dividing

the revenue received from the sale of these Original Residual TCCs in the Centralized TCC Auction sub-auction by the duration in months of the TCCs sold in that Centralized TCC Auction sub-auction

$ETCNL_{q,n}$ = The sum of the one-month portion of the revenues the Transmission Owner has received as payment for the Direct Sale of ETCNL or for its ETCNL released in the Centralized TCC Auction sub-auctions held for TCCs valid for the month corresponding to Reconfiguration Auction *n*. Each one-month portion of the revenue for ETCNL released in such Centralized TCC Auction shall be calculated by dividing the revenue received in a Centralized TCC Auction sub-auction from the sale of the ETCNL by the duration in months of the TCCs corresponding to the ETCNL sold in the Centralized TCC Auction sub-auction.[1] The one-month portion of the revenue imputed to the Direct Sale of ETCNL shall be one-sixth of the average market clearing price of the TCCs corresponding to that ETCNL in the stage 1 rounds of the 6-month sub-auction of the last Centralized TCC Auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*

$NARs_{q,n}$ = The one-month portion of the Net Auction Revenues the Transmission Owner has received in Centralized TCC Auction sub-auctions and Reconfiguration Auctions held for TCCs valid for the month corresponding to Reconfiguration Auction *n* (which shall not include any revenue from the sale of Original Residual TCCs). The one-month portion of the revenues shall be calculated by summing (i) the revenue Transmission Owner *q* received in each Centralized TCC Auction sub-auction from the allocation of Net Auction Revenue pursuant to Section 17.5.3.7, divided by the duration in months of the TCCs sold in the Centralized TCC Auction sub-auction (or, to the extent TCC auction revenues were allocated pursuant to a different methodology, the amount of such revenues allocated to Transmission Owner *q*), minus (ii) the sum of $NetAuctionAllocations_{t,n}$ as calculated pursuant to Formula B-27 (as adjusted for any charges or payments that are zeroed out) for Transmission Owner *q* for all stage 1 rounds *n* of a 6-month sub-auction for all Centralized TCC Auctions held for TCCs valid in the month corresponding to Reconfiguration Auction *n*, divided in each case by the duration in months of the TCCs sold in each Centralized TCC Auction sub-auction (or, to the extent that the revenue impact of transmission facility outages, returns-to-service, upratings, and deratings were settled pursuant to a different methodology, the net of such revenue impacts for Transmission Owner *q*), minus (iii) $NetAuctionAllocations_{t,n}$ as calculated pursuant to Formula B-27 and as adjusted for any charges or payments that are zeroed out for Transmission Owner *q* for Reconfiguration Auction *n*

[1] A TCC corresponds to ETCNL if it has the same POI and POW as the ETCNL.

$GFR\& GFTCC_{q,n}$=		The one-month portion of the imputed value of Grandfathered TCCs and Grandfathered Rights, valued at one-sixth of the market clearing price in the last Centralized TCC Auction held for TCCs valid during the month corresponding to Reconfiguration Auction *n*, provided that the Transmission Owner is the selling party and the Existing Transmission Agreement related to each Grandfathered TCC and Grandfathered Right remains valid in the month corresponding to Reconfiguration Auction *n*
$HFPTCC_{q,n}$	=	The one-month portion of the Historic Fixed Price TCC revenues that Transmission Owner *q* has received for Historic Fixed Price TCCs valid during a given month covered by Reconfiguration Auction *n*, valued at the sum of the share of revenues received by Transmission Owner *q* pursuant to Section 17.5.4 of this Attachment B for all Historic Fixed Price TCCs valid in the relevant month covered by Reconfiguration Auction *n*, divided by twelve; provided, however that the value shall be zero for all Historic Fixed Price TCCs that took effect on or before November 1, 2016
t	=	Transmission Owner *t*
T	=	The set of all Transmission Owners *q*.

Each Transmission Owner's share of Net Auction Revenues allocated pursuant to this Section 17.5.3.7 shall be incorporated into, or otherwise accounted for as part of, its TSC, NTAC, or other applicable rate mechanism under the ISO Tariffs used to assess charges for Transmission Service provided by the Transmission Owner pursuant to this Tariff, as the case may be.

17.5.4 Allocation of Historic Fixed Price TCC Revenues

17.5.4.1 Defined Terms and Overview

17.5.4.1.1 Defined Terms

1. **Set of Historic Fixed Price TCCs (HFPTCCs):** Historic Fixed Price TCCs that have the same POI and POW and which take, or took, effect in the same Capability Period.

17.5.4.1.2 Overview

The ISO shall allocate the revenues from the initial award and renewal of Historic Fixed Price TCCs as follows:

1. following the effective date of this Section 17.5.4, the ISO shall allocate to the Transmission Owners the revenue paid by LSEs for Historic Fixed Price TCCs that took effect on or before November 1, 2016 by using the methodology described in this Section 17.5.4 and by using the data and results of the last Centralized TCC Auction completed prior to the respective Capability Period in which each such Historic Fixed Price TCC took effect; and
2. following the completion of each Centralized TCC Auction after the effective date of this Section 17.5.4, the ISO shall allocate to the Transmission Owners the revenue paid by LSEs for Historic Fixed Price TCCs that take effect in the Capability Period immediately following such Centralized TCC Auction using the methodology described in this Section 17.5.4 and by using the data and results of the last Centralized TCC Auction completed prior to the respective Capability Period in which each such Historic Fixed Price TCC takes effect.

To do so, for each Set of HFPTCCs, the ISO shall:

1. determine the Historic Fixed Price TCC revenue deemed to be associated with each round of the one-year Sub-Auction of the relevant Centralized TCC Auction pursuant to Section 17.5.4.2 of this Attachment B;
2. determine the applicable Historic Fixed Price TCC facility flow-based methodology coefficient for each Transmission Owner for each round of the one-year Sub-Auction of the relevant Centralized TCC Auction pursuant to Section 17.5.4.3 of this Attachment B; and

3. allocate, among the Transmission Owners, the Historic Fixed Price TCC revenue deemed to be associated with each round of the one-year Sub-Auction of the relevant Centralized TCC Auction in accordance with Section 17.5.4.4 of this Attachment B.

17.5.4.2 Calculation of Historic Fixed Price TCC Revenue Deemed to be Associated with a Round of a One-Year Sub-Auction

For each Set of HFPTCCs, the ISO shall calculate the revenue deemed to be associated with a round of the one-year Sub-Auction for the relevant Centralized TCC Auction in accordance with Formula B-30.

Formula B-30

$$HFPTCCRevenue_{s,n} = \left[\sum_{k \in s} HFPTCCPmt_{k,s}\right] * RoundPct_n$$

Where,

$HFPTCCRevenue_{s,n}$	= For Set of HFPTCCs *s*, the Historic Fixed Price TCC revenue that is deemed to be associated with round *n* of the one-year Sub-Auction of the relevant Centralized TCC Auction
s	= A Set of HFPTCCs
$HFPTCCPmt_{k,s}$	= The revenue received for each Historic Fixed Price TCC *k* that is part of Set of HFPTCCs *s*, as payable by an LSE in accordance with Section 19.2.1.3 of Attachment M of the ISO OATT
$RoundPct_n$	= The percentage of transmission capacity made available for round *n* of the relevant Centralized TCC Auction to support the sale of one-year TCCs, calculated as the ratio of (i) the percentage of transmission capacity made available to support the sale of one-year TCCs in round *n* of the relevant Centralized TCC Auction; to (ii) the percentage of transmission capacity made available to support the sale of one-year TCCs in the one-year Sub-Auction of the relevant Centralized TCC Auction, each as determined by the ISO prior to the relevant Centralized TCC Auction.

17.5.4.3 Calculation of Historic Fixed Price TCC Facility Flow-Based Methodology Coefficient

For each Set of HFPTCCs, the ISO shall use the Historic Fixed Price TCC facility flow-based methodology coefficient to allocate, among the Transmission Owners, the Historic Fixed Price TCC revenue deemed to be associated with a round of the one-year Sub-Auction for the relevant Centralized TCC Auction. The applicable coefficient for each Set of HFPTCCs and each round *n* of the one-year Sub-Auction of the relevant Centralized TCC Auction shall be calculated in accordance with Formula B-31.

Formula B-31

$$HFPTCCFFB_{t,s,n} = \frac{\sum_{L \in L_{t,n}} \left| \left(1YrFlow_{L,n} - ModlYrFlow_{L,n,s}\right)\left(Price_{y,L,n} - Price_{x,L,n}\right) * Share_{n,t,L} \right|}{\sum_{L \in L_n} \left| \left(1YrFlow_{L,n} - ModlYrFlow_{L,n,s}\right)\left(Price_{y,L,n} - Price_{x,L,n}\right) \right|}$$

Where,

$HFPTCCFFB_{t,s,n}$ = For Set of HFPTCCs *s*, the Historic Fixed Price TCC facility flow-based methodology coefficient for Transmission Owner *t* for round *n* of the one-year Sub-Auction of the relevant Centralized TCC Auction

s = As defined in Formula B-30

L_n = The set of all transmission facilities owned by Transmission Owners that are modeled in the Transmission System model for round *n* of the one-year Sub-Auction of the relevant Centralized TCC Auction

$L_{t,n}$ = The set of all transmission facilities owned by Transmission Owner *t* that are modeled in the Transmission System model for round *n* of the one-year Sub-Auction of the relevant Centralized TCC Auction

L = A transmission facility from bus *x* to bus *y*

$1YrFlow_{L,n}$ = The Energy flow on transmission facility *L* in the Optimal Power Flow solution to round *n* of the one-year Sub-Auction of the relevant Centralized TCC Auction that includes all injections and withdrawals corresponding to the set of TCCs (including Fixed Price TCCs) and Grandfathered Rights represented in such Optimal Power Flow

$Mod1YrFlow_{L,n,s}$ = The Energy flow on transmission facility *L* in a Power Flow that includes all injections and withdrawals corresponding to the set of TCCs (including Fixed Price TCCs) and Grandfathered Rights

represented in the solution to round *n* of the one-year Sub-Auction of the relevant Centralized TCC Auction, except for the injections and withdrawals corresponding to Set of HFPTCCs *s*. For purposes of this Power Flow: (i) the phase angle settings for optimized phase angle regulators, as identified in ISO Procedures, will be set equal to the phase angle settings for such phase angle regulators as determined in the Optimal Power Flow solution to round *n* of the one-year Sub-Auction of the relevant Centralized TCC Auction, but the schedules for such phase angle regulators will be allowed to vary from the schedules determined in the Optimal Power Flow solution to round *n* of the one-year Sub-Auction of the relevant Centralized TCC Auction; and (ii) for all other phase angle regulators internal to the NYCA or on external borders, as identified in ISO Procedures, the schedules for such phase angle regulators will be set equal to the schedules as determined in the Optimal Power Flow solution to round *n* of the one-year Sub-Auction of the relevant Centralized TCC Auction, but the phase angle settings for such phase angle regulators will be allowed to vary from the phase angle settings determined in the Optimal Power Flow solution to round *n* of the one-year Sub-Auction of the relevant Centralized TCC Auction. Notwithstanding anything to the contrary herein, if the Power Flow results in Energy flow on transmission facility *L* that violates any limit applicable to the amount of Energy that may flow on transmission facility *L* for round *n* of the one-year Sub-Auction of the relevant Centralized TCC Auction, the ISO shall adjust the resulting value of the Energy flow on transmission facility *L*, as determined by the Power Flow, to avoid consideration of such incremental flows above the applicable limit for transmission facility *L* and use such adjusted Energy flow value for purposes of calculating $HFPTCCFFB_{t,s,n}$

$Price_{y,L,n}$ = The market-clearing price at bus *y* on transmission facility *L* in the Optimal Power Flow solution to round *n* of the one-year Sub-Auction of the relevant Centralized TCC Auction. Notwithstanding anything to the contrary herein, for Historic Fixed Price TCCs with a POW on Long Island that took effect on November 1, 2013 and remained valid through October 31, 2014, the applicable market-clearing price at bus *y* on transmission facility *L* shall be the sum of (i) the market-clearing prices at bus *y* on transmission facility *L* determined in the Optimal Power Flow solution for each of the Reconfiguration Auctions for November 2013 through April 2014; and (ii) the weighted average market-clearing price at bus *y* on transmission facility *L* determined from the Optimal Power Flow solution for each of the six-month Sub-Auction rounds for the Centralized TCC Auction that included six-month TCCs valid for the Summer 2014 Capability Period (*i.e.*, May 1, 2014 through October 31, 2014)

$Price_{x,L,n}$ = The market-clearing price at bus *x* on transmission facility *L* in the Optimal Power Flow solution to round *n* of the one-year Sub-Auction

of the relevant Centralized TCC Auction. Notwithstanding anything to the contrary herein, for Historic Fixed Price TCCs with a POW on Long Island that took effect on November 1, 2013 and remained valid through October 31, 2014, the applicable market-clearing price at bus *x* on transmission facility *L* shall be the sum of (i) the market-clearing prices at bus *x* on transmission facility *L* determined in the Optimal Power Flow solution for each of the Reconfiguration Auctions for November 2013 through April 2014; and (ii) the weighted average market-clearing price at bus *x* on transmission facility *L* determined from the Optimal Power Flow solution for each of the six-month Sub-Auction rounds for the Centralized TCC Auction that included six-month TCCs valid for the Summer 2014 Capability Period (*i.e.*, May 1, 2014 through October 31, 2014)

$Share_{n,t,L}$ = The percentage of transmission facility *L* owned by Transmission Owner *t* on the effective date of the TCCs sold in round *n* of the one-year Sub-Auction of the relevant Centralized TCC Auction

17.5.4.4 Allocation of Historic Fixed Price TCC Revenue Deemed to be Associated with a Round of a One-Year Sub-Auction

For each Set of HFPTCCs, each Transmission Owner's share of the Historic Fixed Price TCC revenue deemed to be associated with a round of the one-year Sub-Auction for the relevant Centralized TCC Auction shall be calculated in accordance with Formula B-32.

Formula B-32

$$HFPTCCRevAlloc_{t,s,n} = HFPTCCRevenue_{s,n} * HFPTCCFFB_{t,s,n}$$

Where,

$HFPTCCRevAlloc_{t,s,n}$ = For Set of HFPTCCs *s*, the Historic Fixed Price TCC revenue deemed to be associated with round *n* of the one-year Sub-Auction of the relevant Centralized TCC Auction that is allocated to Transmission Owner *t*

s = As defined in Formula B-30

$HFPTCCRevenue_{s,n}$ = As defined in Formula B-30

$HFPTCCFFB_{t,s,n}$ = As defined in Formula B-31.

Each Transmission Owner's share of Historic Fixed Price TCC revenue allocated pursuant to this Section 17.5.4 shall be incorporated into, or otherwise accounted for as part of,

its TSC, or NTAC or other applicable rate mechanism under the ISO Tariffs used to assess charges for Transmission Service provided by the Transmission Owner pursuant to the ISO Tariffs, as the case may be.

23.4.5 Installed Capacity Market Mitigation Measures

23.4.5.1 If and to the extent that sufficient installed capacity is not under a contractual obligation to be available to serve load in New York and if physical or economic withholding of installed capacity would be likely to result in a material change in the price for installed capacity in all or some portion of New York, the ISO, in consideration of the comments of the Market Parties and other interested parties, shall amend this Attachment H, in accordance with the procedures and requirements for amending the Plan, to implement appropriate mitigation measures for installed capacity markets.

23.4.5.2 Offers to sell Mitigated UCAP in an ICAP Spot Market Auction shall not be higher than the higher of (a) the UCAP Offer Reference Level for the applicable ICAP Spot Market Auction, or (b) the Going-Forward Costs of the Installed Capacity Supplier supplying the Mitigated UCAP. Where an Installed Capacity Supplier is a Pivotal Supplier in some, but not all, Mitigated Capacity Zones in which it has Resources, such Installed Capacity Supplier's offer to sell Mitigated UCAP in any ICAP Spot Market Auction for any Resource for which it is a Pivotal Supplier shall not be higher than the higher of (a) the lowest of the UCAP Offer Reference Levels for each Mitigated Capacity Zone in which such Installed Capacity Supplier has Resources; or (b) if an Offer for a Resource has an applicable Going-Forward Cost, such Going-Forward Cost.

23.4.5.3 An Installed Capacity Supplier's Going-Forward Costs for an ICAP Spot Market Auction shall be determined upon the request of the Responsible Market Party for that Installed Capacity Supplier. The Going-Forward Costs shall be

determined by the ISO after consultation with the Responsible Market Party, provided such consultation is requested by the Responsible Market Party not later than 50 business days prior to the deadline for offers to sell Unforced Capacity in such auction, and provided such request is supported by a submission showing the Installed Capacity Supplier's relevant costs in accordance with specifications provided by the ISO. Such submission shall show (1) the nature, amount and determination of any claimed Going-Forward Cost, and (2) that the cost would be avoided if the Installed Capacity Supplier is taken out of service or retired, as applicable. If the foregoing requirements are met, the ISO shall determine the level of the Installed Capacity Supplier's Going-Forward Costs and shall seasonally adjust such costs not later than 7 days prior to the deadline for submitting offers to sell Unforced Capacity in such auction. A Responsible Market Party shall request an updated determination of an Installed Capacity Supplier's Going-Forward Costs not less often than annually, in the absence of which request the Installed Capacity Supplier's offer cap shall revert to the UCAP Offer Reference Level. An updated determination of Going-Forward Costs may be undertaken by the ISO at any time on its own initiative after consulting with the Responsible Market Party. Any redetermination of an Installed Capacity Supplier's Going-Forward Costs shall conform to the consultation and determination schedule specified in this paragraph. The costs that an Installed Capacity Supplier would avoid as a result of retiring should only be included in its Going-Forward Costs if the owner or operator of that Installed Capacity Supplier

actually plans to mothball or retire it if the Installed Capacity revenues it receives are not sufficient to cover those costs.

23.4.5.4 Mitigated UCAP shall be offered in each ICAP Spot Market Auction in accordance with Section 5.14.1.1 of the ISO Services Tariff and applicable ISO procedures, unless it has been exported to an External Control Area or sold to meet Installed Capacity requirements outside the Mitigated Capacity Zone in which the ICAP Supplier is a Pivotal Supplier is located in a transaction that does not constitute physical withholding under the standards specified below.

23.4.5.4.1 An export to an External Control Area or sale to meet an Installed Capacity requirement outside the Mitigated Capacity Zone in which the ICAP Supplier is a Pivotal Supplier is located of Mitigated UCAP (either of the foregoing being referred to as "External Sale UCAP") may be subject to audit and review by the ISO to assess whether such action constituted physical withholding of UCAP from a Mitigated Capacity Zone. External Sale UCAP shall be deemed to have been physically withheld on the basis of a comparison of the net revenues from UCAP sales that would have been earned by the sale in a Mitigated Capacity Zone of External Sale UCAP. The comparison shall be made for the period for which Installed Capacity is committed (the "Comparison Period") in each of the shortest term organized capacity markets (the "External Reconfiguration Markets") for the area and during the period in which the Mitigated UCAP was exported or sold. External Sale ICAP shall be deemed to have been withheld from a Mitigated Capacity Zone if: (1) the Responsible Market Party for the External Sale UCAP could have made all or a portion of the External Sale UCAP

available to be offered in the Mitigated Capacity Zone by buying out of its external capacity obligation through participation in an External Reconfiguration Market; and (2) the net revenues over the Comparison Period from sale in the Mitigated Capacity Zone of the External Sale UCAP that could have been made available for sale in that Locality would have been greater by 15% or more, provided that the net revenues were at least $2.00/kilowatt-month more than the net UCAP revenues from that portion of the External Sale UCAP over the Comparison Period.

23.4.5.4.2 If Mitigated UCAP is not offered or sold as specified above, the Responsible Market Party for such Installed Capacity Supplier shall pay the ISO an amount equal to the product of (A) 1.5 times the difference between the Market-Clearing Price for the Mitigated Capacity Zone in the ICAP Spot Market Auction with and without the inclusion of the Mitigated UCAP and (B) the total of (1) the amount of Mitigated UCAP not offered or sold as specified above, and (2) all other megawatts of Unforced Capacity in the Mitigated Capacity Zone under common Control with such Mitigated UCAP. If the failure to offer was associated with the same period as the sale of External Sale UCAP, and the failure caused or contributed to an increase in UCAP prices in the Mitigated Capacity Zone of 15 percent or more, provided such increase is at least $2.00/kilowatt-month, the Responsible Market Party for such Installed Capacity Supplier shall be required to pay to the ISO an amount equal to 1.5 times the lesser of (A) the difference between the average Market-Clearing Price for the Mitigated Capacity Zone in the ICAP Spot Market Auctions for the relevant Comparison Period with

and without the inclusion of the External Sale UCAP in those auctions, or (B) the difference between such average price and the clearing price in the External Reconfiguration Market for the relevant Comparison Period, times the total of (1) the amount of Mitigated UCAP not offered or sold as specified above, and (2) all other megawatts of Unforced Capacity in the Mitigated Capacity Zone under common Control with such Mitigated UCAP. The ISO will distribute any amounts recovered in accordance with the foregoing provisions among the LSEs serving Loads in regions affected by the withholding in accordance with ISO Procedures.

23.4.5.4.3 Reasonably in advance of the deadline for submitting offers in an External Reconfiguration Market the Responsible Market Party for External Sale UCAP may request the ISO to provide a projection of ICAP Spot Auction clearing prices for the Mitigated Capacity Zone over the Comparison Period for the External Reconfiguration Market. Such requests, and the ISO's response, shall be made in accordance with the deadlines specified in ISO Procedures. Prior to completing its projection of ICAP Spot Auction clearing prices for the Mitigated Capacity Zone over the Comparison Period for the External Reconfiguration Market, the ISO shall consult with the Market Monitoring Unit regarding such price projection. The Responsible Market Party shall be exempt from a physical withholding penalty as specified in Section 23.4.5.4.2, below, if at the time of the deadline for submitting offers in an External Reconfiguration Market its offers, if accepted, would reasonably be expected to produce net revenues from External UCAP Sales that would exceed the net revenues that would have been realized

from sale of the External UCAP Sales capacity in the Mitigated Capacity Zone at the ICAP Spot Auction prices projected by the ISO. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.8 of Attachment O to this Services Tariff.

23.4.5.5 Control of Unforced Capacity shall be rebuttably presumed from (i) ownership of an Installed Capacity Supplier, or (ii) status as the Responsible Market Party for an Installed Capacity Supplier, but may also be determined on the basis of other evidence. For purposes of determining if a Responsible Market Party is a Pivotal Supplier in a Mitigated Capacity Zone except the G-J Locality, the presumption of Control of Unforced Capacity can be rebutted by: (1) the sale of Unforced Capacity in a Capability Period Auction or a Monthly Auction, or (2) demonstrating to the reasonable satisfaction of the ISO that the ability to determine the price and quantity of offers to supply Unforced Capacity has been conveyed to a person or entity that is not an Affiliated Entity without limitation or condition. For purposes of determining if a Responsible Market Party is a Pivotal Supplier in the G-J Locality, the presumption of Control of Unforced Capacity can be rebutted by demonstrating to the reasonable satisfaction of the ISO that the ability to determine the price and quantity of offers to supply Unforced Capacity has been conveyed to a person or entity that is not an Affiliated Entity without limitation or condition, but cannot be rebutted by the sale of Unforced Capacity in a Capability Period or Monthly Auction. For any Mitigated Capacity Zone, if the presumption has not been rebutted, and if two or more Market Parties each have

rights or obligations with respect to Unforced Capacity from an Installed Capacity Supplier that could reasonably be anticipated to affect the quantity or price of Unforced Capacity transactions in an ICAP Spot Market Auction, the ISO may attribute Control of the affected MW of Unforced Capacity from the Installed Capacity Supplier to each such Market Party. Prior to reaching its decision regarding whether the presumption of control of Unforced Capacity has been rebutted, the ISO shall provide its preliminary determination to the Market Monitoring Unit for review and comment. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.9 of Attachment O to this Services Tariff.

23.4.5.6 Audit, Review, and Penalties for Physical Withholding to Increase Market-Clearing Prices

23.4.5.6.1 Audit and Review of Proposals or Decisions to Remove or Derate Installed Capacity from a Mitigated Capacity Zone

Any proposal or decision by a Market Participant to retire or otherwise remove an Installed Capacity Supplier from a Mitigated Capacity Zone Unforced Capacity market, or to de-rate the amount of Installed Capacity available from such supplier, may be subject to audit and review by the ISO if the ISO determines that such action could reasonably be expected to affect Market-Clearing Prices in one or more ICAP Spot Market Auctions for a Mitigated Capacity Zone in which the Resource(s) that is the subject of the proposal or decision is located, subsequent to such action; provided, however, no audit and review shall be necessary if the Installed Capacity Supplier is a Generator that is being retired or removed from a Mitigated Capacity Zone as the result of a Forced Outage that began on or after May 1, 2015 that was determined by the ISO to be a Catastrophic Failure. Such an audit or review shall assess whether

the proposal or decision has a legitimate economic justification or is based on an effort to withhold Installed Capacity physically in order to affect prices. The ISO shall provide the preliminary results of its audit or review to the Market Monitoring Unit for its review and comment. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.10 of Attachment O to this Services Tariff.

23.4.5.6.2 Audit and Review of the Reclassification of a Generator in a Mitigated Capacity Zone From a Forced Outage to an ICAP Ineligible Forced Outage

This Section 23.4.5.6.2 shall apply to a Market Party whose Installed Capacity Supplier is a Generator that began a Forced Outage on or after May 1, 2015.

23.4.5.6.2.1 Any reclassification of an Installed Capacity Supplier that is a Generator in a Mitigated Capacity Zone from a Forced Outage to an ICAP Ineligible Forced Outage by a Market Party or otherwise, pursuant to the terms of Section 5.18.2.1 of this Services Tariff, may be subject to audit and review by the ISO if the ISO determines that such reclassification could reasonably be expected to affect the Market-Clearing Price in one or more ICAP Spot Market Auctions for a Mitigated Capacity Zone in which the Generator(s) that is the subject of the reclassification is located, subsequent to such action; provided, however, if the Market Party's Generator experienced the Forced Outage as a result of a Catastrophic Failure, the reclassification of a Generator in a Mitigated Capacity Zone from a Forced Outage to an ICAP Ineligible Forced Outage shall not be subject to audit and review pursuant to this Section 23.4.5.6.2.

The audit and review pursuant to the above paragraph shall assess whether the reclassification of the Generator in a Mitigated Capacity Zone from a Forced Outage to an ICAP Ineligible Forced Outage had a legitimate economic justification or is based on an effort to withhold Installed Capacity physically in order to affect prices.

The ISO shall provide the preliminary results of its audit or review to the Market Monitoring Unit for its review and comment. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.10 of Attachment O.

23.4.5.6.2.2 The audit and review pursuant to Section 23.4.5.6.2.1 shall be deferred by the ISO beyond the time period established in ISO Procedures for the audit and review of a reclassification of a Generator from a Forced Outage to an ICAP Ineligible Forced Outage if the Generator was in a Forced Outage for at least 180 days before the reclassification and one or more Exceptional Circumstances delayed the acquisition of data necessary for the ISO's audit and review.

The ISO shall conduct the audit and review after its receipt of data that it determines is necessary for the audit and review; provided, however, if, at the time the ISO acquires the necessary data, the Market Party has Commenced Repair of the Generator, or the Generator is determined by the ISO to have had a Catastrophic Failure, the Market Party shall not be subject to an audit and review pursuant to Section 23.4.5.6.2.1 of this Services Tariff. A Generator that Commenced Repair while in an ICAP Ineligible Forced Outage but that ceased or

unreasonably delayed that repair shall be subject to audit and review by the ISO pursuant to Section 23.4.5.6.2.1 of this Services Tariff.

The ISO shall provide the preliminary results of its audit or review to the Market Monitoring Unit for its review and comment. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.10 of Attachment O to this Services Tariff.

23.4.5.6.2.3 The audit and review of the removal of a Generator from a Forced Outage to an ICAP Ineligible Forced Outage, and the determinations of Catastrophic Failure and Exceptional Circumstances, will be pursuant to specific timelines established in ISO Procedures.

23.4.5.6.2.4 The audit and review pursuant to Sections 23.4.5.6.2.1, and 23.4.5.6.2.2 shall be conducted to determine whether the decision not to repair a Generator had a legitimate economic justification, consistent with competitive behavior; that is, whether the cost of repair, including the risk-adjusted cost of capital, could not reasonably be expected to be recouped over the reasonably anticipated remaining life of the generator. The elements of such audit and review may include, as appropriate, the historical revenue and maintenance cost data for the purpose of the baseline, the duration of the repair, the costs including, but not limited to, capital expenditures necessary to comply with federal or state environmental, safety or reliability requirements that must be met in order to operate the Generator, the anticipated capacity, energy and ancillary services revenues following the repair, the projected costs of operating the Generator following the

repair, any benefits that would be foregone from using the site for a purpose other than as the existing Generator (e.g., repowering), and other relevant data.

The criteria for the audit and review provided in this Services Tariff Section 23.4.5.6.2.4 may be incorporated, as appropriate, in an audit and review required to be conducted pursuant to other provisions in this Services Tariff Section 23.4.

23.4.5.6.2.5 For a requesting Market Party, a determination that the Market Party has experienced Exceptional Circumstances shall be made by the ISO by the 160th day of the Generator's Forced Outage. The ISO shall use reasonable efforts to issue a determination that a Market Party has experienced Exceptional Circumstances after it has Commenced Repair and requests reclassification to an ICAP Ineligible Force Outage by the 40th day after the ISO's receipt of data necessary to conduct the analysis.

For a requesting Market Party, a determination that a Generator has experienced a Catastrophic Failure shall be made by the ISO by the 160th day of the Forced Outage. If the ISO has determined that Exceptional Circumstances will delay the submission of data necessary for the ISO to perform an audit and review pursuant to Section 23.4.5.6.2.1 or 23.4.5.6.2, the ISO shall use reasonable efforts to issue a determination that the Generator has experienced a Catastrophic Failure by the 40th day after receipt of data necessary to conduct the analysis.

23.4.5.6.3 Penalties for Withholding Installed Capacity Physically In Order To Affect Prices

If the ISO determines that either: i) pursuant to Section 23.4.5.6.1, the proposal or decision by a Market Party to retire or otherwise remove an Installed Capacity Supplier from a

Mitigated Capacity Zone, or to de-rate the amount of Installed Capacity available from such supplier, or ii) pursuant to Section 23.4.5.6.2, the ISO determines that the reclassification of an Installed Capacity Supplier that is a Generator from a Forced Outage to an ICAP Ineligible Forced Outage constitutes physical withholding, and would increase the Market-Clearing Price in one or more ICAP Spot Market Auctions for a Mitigated Capacity Zone by five percent or more, provided such increase is at least $.50/kilowatt-month, for each such violation of the above requirements the Market Party shall be assessed an amount equal to the product of (A) 1.5 times the difference between the Market Clearing Price for the Mitigated Capacity Zone in the ICAP Spot Market Auctions with and without the inclusion of the withheld UCAP in those auctions, and (B) the total of (1) the number of megawatts withheld in the month and (2) all other megawatts of Installed Capacity in the Mitigated Capacity Zone under common Control with such withheld megawatts in the month. The requirement to pay such amounts shall continue until the Market Party demonstrates that the removal from service, retirement, or de-rate, as described in Section 23.4.5.6.1, or reclassification as described in Section 23.4.5.6.2 is justified by economic considerations other than the effect of such action on Market-Clearing Prices in the ICAP Spot Market Auctions for the Mitigated Capacity Zone. The ISO will distribute any amount recovered in accordance with the foregoing provisions among the LSEs serving Loads in the Mitigated Capacity Zone(s) wherein the Market-Clearing Price was affected for the month corresponding to the penalty accordance with ISO Procedures.

23.4.5.7 Buyer-Side Market Power Mitigation Measures for Installed Capacity

Unless exempt as specified below, offers to supply Unforced Capacity from a Mitigated Capacity Zone Installed Capacity Supplier: (i) shall equal or exceed the applicable Offer Floor; and (ii) can only be offered in the ICAP Spot Market Auctions. Except for Offer Floors applied

pursuant to Section 23.4.5.7.9.5.2 (*i.e.*, after the revocation of a Competitive Entry Exemption,) Section 23.4.5.7.13.3 (*i.e.*, after the revocation of a Renewable Exemption) or Section 23.4.5.7.14.5 (*i.e.*, after the revocation of a Self Supply Exemption), the Offer Floor shall apply to offers for Unforced Capacity from the Installed Capacity Supplier, if it is not a Special Case Resource, starting with the Capability Period for which the Installed Capacity Supplier first offers to supply UCAP. Offer Floors applied pursuant to Section 23.4.5.7.9.5.2 shall apply to offers for Unforced Capacity from an Installed Capacity Supplier starting with all ICAP auction activity subsequent to the date of the revocation. Offer Floors shall cease to apply to that portion of a resource's UCAP (rounded down to the nearest tenth of a MW) that has cleared for any twelve, not-necessarily-consecutive, months (such cleared amount, "Cleared UCAP"). Offer Floors shall be adjusted annually using the inflation rate component of the escalation factor of the relevant effective ICAP Demand Curves that have been accepted by the Commission.

23.4.5.7.1 Unforced Capacity from an Installed Capacity Supplier that is subject to an Offer Floor may not be used to satisfy any LSE Unforced Capacity Obligation for Mitigated Capacity Zone Load unless such Unforced Capacity is obtained through participation in an ICAP Spot Market Auction.

23.4.5.7.2 An Installed Capacity Supplier, in a Mitigated Capacity Zone for which the Commission has accepted an ICAP Demand Curve, shall be exempt from an Offer Floor if: (a) the price that is equal to the (x) average of the ICAP Spot Market Auction price for each month in the two Capability Periods, beginning with the Summer Capability Period commencing three years from the start of the year of the Class Year (the "Starting Capability Period") is projected by the ISO to be higher, with the inclusion of the Installed Capacity Supplier, than (y) the

numerical value equal to 75 percent of the Mitigation Net CONE that would be applicable to such supplier in the same two (2) Capability Periods (utilized to compute (x)), (b) the price that is equal to the average of the ICAP Spot Market Auction prices in the six Capability Periods beginning with the Starting Capability Period is projected by the ISO to be higher, with the inclusion of the Installed Capacity Supplier, than the reasonably anticipated Unit Net CONE of the Installed Capacity Supplier, or (c) it has been determined to be exempt pursuant to Section 23.4.5.7.9 (the "Competitive Entry Exemption"), (d) it has been determined, and in the quantity of MW for which it has been determined, to be exempt pursuant to Section 23.4.5.7.13 (the "Renewable Exemption"), or (e) it has been determined, and in the quantity of MW for which it has been determined, to be exempt pursuant to Section 23.4.5.7.14 (the "Self Supply Exemption"). For purposes of the determinations pursuant to (a) and (b) of this section, the ISO shall identify Unit Net CONE and the price on the ICAP Demand Curve projected for a future Mitigation Study Period consistent with Sections 23.4.5.7.3.2 or 23.4.5.7.4, as appropriate, for each Examined Facility promptly after it (i) has accepted its SDU Project Cost Allocation and deliverable MW, if any, from the Final Decision Round and (ii) along with all other remaining members, has posted any associated security pursuant to OATT Section 25 (OATT Attachment S) (for purposes of Section 23.4, a project that "remains a member of a completed Class Year"). The first year value of an Examined Facility's Unit Net CONE will be calculated pursuant to Section 23.4.5.7, Section 23.4.5.7.2.4, or 23.4.5.7.3.2, will be established at the time such Examined Facility first offers UCAP, and will be

used by the ISO in subsequent mitigation exemption or Offer Floor determinations for Additional CRIS MW. Any determination received pursuant to Sections 23.4.5.7.2, 23.4.5.7.6. or 23.4.5.7.7 shall not become final for the relevant Examined Facility unless the Examined Facility accepts its SDU Project Cost Allocation and deliverable MW, if any, from the Final Decision Round, and posted any associated security pursuant to OATT Section 25, and remains a member of the completed Class Year. The Unit Net CONE or exemption determination pursuant to this Section shall be final on the date the ISO issues a notice to stakeholders that the Class Year decisional process has been completed.

23.4.5.7.2.1 Promptly after Commission acceptance of the first ICAP Demand Curve to apply to a Mitigated Capacity Zone, the ISO shall make an exemption and Offer Floor determination for any NCZ Examined Project that is in a completed Class Year and has received CRIS, unless exempt pursuant to section 23.4.5.7.6 or 23.4.5.7.8.

23.4.5.7.2.2 The ISO shall make an "Indicative Buyer-Side Mitigation Exemption Determination" for any NCZ Examined Project if (i) the Commission has accepted an ICAP Demand Curve for the Mitigated Capacity Zone that will become effective when the Mitigated Capacity Zone is first effective, or (ii) if the Commission has not accepted the first ICAP Demand Curve to apply specifically to the Mitigated Capacity Zone in which the NCZ Examined Project is located, provided the ISO has filed an ICAP Demand Curve pursuant to Services Tariff Section 5.14.1.2.11. The Indicative Buyer-Side Mitigation Exemption Determination shall be computed using such ICAP Demand Curve for the

Mitigated Capacity Zone concurrent with the determinations the ISO makes for Examined Facilities pursuant to Sections 23.4.5.7.3.2 and 23.4.5.7.3.3. The ISO shall recompute the Indicative Buyer-Side Mitigation Exemption Determination promptly after Commission acceptance of the first ICAP Demand Curve for the applicable Locality provided that such NCZ Examined Project (i) received CRIS if the Class Year completed at the time the Commission accepts the Demand Curve, or (ii) has not been removed from the Class Year Deliverability Study if the Class Year is not completed. The Indicative Buyer-Side Mitigation Exemption Determination is for informational purposes only. The exemption or Offer Floor for an NCZ Examined Project to which this Section applies shall be determined for such projects receiving CRIS using the Commission-accepted Locality Demand Curve.

23.4.5.7.2.3 Any NCZ Examined Project not exempt pursuant to 23.4.5.7.8 shall provide data and information requested by the ISO by the date specified by the ISO, in accordance with the ISO Procedures.

The ISO shall compute the reasonably anticipated ICAP Spot Market Auction forecast price based on Expected Retirements (as defined in subsection 23.4.5.7.2.3.1), plus each NCZ Examined Project.

23.4.5.7.2.3.1 Expected Retirements shall be determined based on any Generator that provided written notice to the New York State Public Service Commission that it intends to retire, plus any UDR facilities, or any Generator 2 MW or less that provided written notice to the ISO that it intends to retire.

23.4.5.7.2.3.2 The Load forecast shall be based on data used to develop the Indicative Locational Minimum Installed Capacity Requirement, and Special Case Resources based on data for the Mitigated Capacity Zone that is part of the Special Case Resource data set forth in the most-recently published Load and Capacity Data (Gold Book).

23.4.5.7.2.4 The ISO shall post on its website the inputs of the reasonably anticipated ICAP Spot Market Auction forecast prices determined in accordance with 23.4.5.7.2.3 (except for the posting of an input which would disclose Confidential Information), the Expected Retirements, and the NCZ Examined Projects, before the exemption or Offer Floor determination under this Section.

When the ISO is evaluating more than one NCZ Examined Project concurrently, the ISO shall recognize in its computation of the anticipated ICAP Spot Market Auction forecast price that Generators or UDR facilities will clear from lowest to highest, using for each NCZ Examined Project the lower of (i) the first year value of its Unit Net CONE, or (ii) the numerical value equal to 75 percent of the Mitigation Net Cone, then inflated in accordance with 23.4.5.7 for each of the year two and year three of the Mitigation Study Period.

23.4.5.7.2.5 When evaluating NCZ Examined Projects pursuant to Sections 23.4.5.7.2.1 or 23.4.5.7.2.2, the ISO shall seek comment from the Market Monitoring Unit on matters relating to the determination of price projections and cost calculations. The ISO shall inform the NCZ Examined Project of the Offer Floor or Offer Floor exemption determination or Indicative Buyer-Side Mitigation Exemption Determination promptly. The responsibilities of the Market

Monitoring Unit that are addressed in this Section 23.4.5.7.2.5 are also addressed in Section 30.4.6.2.12 of Attachment O to this Services Tariff.

23.4.5.7.2.6 If an NCZ Examined Project under the criteria in 23.4.5.7.2.1 or 23.4.5.7.2.2 does not provide all of the requested data by the date specified by the ISO, the MW of CRIS received at that time by the project shall be subject to the Mitigation Net CONE Offer Floor for the period determined by the ISO in accordance with Section 23.4.5.7.

23.4.5.7.2.7 An NCZ Examined Project or Examined Facility located in more than one Mitigated Capacity Zone shall be evaluated pursuant to the tests in Section 23.4.5.7.2 (a) and (b) or 23.4.5.7.3 (as applicable), calculating Mitigation Net CONE for the smallest Mitigated Capacity Zone that contains the Load Zone in which such NCZ Examined Project or Examined Facility is electrically located.

23.4.5.7.3 The ISO shall make such exemption and Unit Net CONE determination for each "Examined Facility" (collectively "Examined Facilities") which term shall mean (I) each proposed new Generator and proposed new UDR project, and each existing Generator that has ERIS only and no CRIS, that is a member of the Class Year that requested CRIS, or that requested an evaluation of the transfer of CRIS rights from another location, in the Class Year Facilities Study commencing in the calendar year in which the Class Year Facility Study determination is being made (the Capability Periods of expected entry as further described below in this Section, the "Mitigation Study Period") and (II) each (i) existing Generator that did not have CRIS rights, and (ii) proposed new Generator and proposed new UDR project, provided such Generator under Subsection (i) or (ii) is an expected

recipient of transferred CRIS rights at the same location regarding which the ISO has been notified by the transferor or the transferee of a transfer pursuant to OATT Attachment S Section 25.9.4 that will be effective on a date within the Mitigation Study Period.

23.4.5.7.3.1 The commercial operation date to be used by the ISO solely for purposes of identifying the Examined Facilities will be determined by the ISO at the time of the Class Year Study as the date most-recently (A) identified by the project to the ISO in the Interconnection Facilities Study process or (B) reflected in the Interconnection Queue, or if neither of the foregoing is applicable, then the date identified by the project to the Transmission Owner to which it has proposed interconnecting.

23.4.5.7.3.2 The ISO shall compute the reasonably anticipated ICAP Spot Market Auction forecast price for any Mitigated Capacity Zone based on Expected Retirements (as defined in this subsection 23.4.5.7.3.2), plus each Examined Facility in 23.4.5.7.3 (I) or (II).

Expected Retirements shall be determined based on any Generator that provided written notice to the New York State Public Service Commission that it intends to retire, plus any UDR facility or Generator 2 MW or less that provided written notice to the ISO that it intends to retire.

The load forecast and Special Case Resources shall be as set forth in the most-recently published Load and Capacity Data (Gold Book).

Before the commencement of the Initial Decision Period for the Class Year, the ISO shall post on its website the inputs of the reasonably anticipated ICAP Spot

Market Auction forecast prices determined in accordance with 23.4.5.7.3.2, the Expected Retirements, and the Examined Facilities, before the Initial Project Cost Allocation, subject to any restrictions on the disclosure of Confidential Information or Critical Energy Infrastructure Information.

When the ISO is evaluating more than one Examined Facility concurrently, the ISO shall recognize in its computation of the anticipated ICAP Spot Market Auction forecast price that Generators or UDR facilities will clear from lowest to highest, using for each Examined Facility the lower of (i) the first year value of its Unit Net CONE, or (ii) the numerical value equal to 75 percent of the Mitigation Net Cone, then inflated in accordance with 23.4.5.7 for each of the year two and year three of the Mitigation Study Period.

23.4.5.7.3.3 All developers, Interconnection Customers, and Installed Capacity Suppliers for any Examined Facility that do not request CRIS shall provide data and information requested by the ISO by the date specified by the ISO, in accordance with the ISO Procedures. For any such Examined Facility that is in a Class Year but that only has ERIS rights after the Project Cost Allocation process is complete, the ISO shall utilize the data first provided in its analysis of the Unit Net CONE in its review of the project in any future Class Year in which the Generator or UDR facility requests CRIS. The ISO shall determine the reasonably anticipated Unit Net CONE less the costs to be determined in the Project Cost Allocation or Revised Project Cost Allocation, as applicable, prior to the commencement of the Initial Decision Period Class Year, and shall provide to the Examined Facility the ISO's initial determination of an exemption or the Offer

Floor. On or before the three (3) days prior to the ISO's issuance of the Revised Project Cost Allocation, the ISO will revise its forecast of ICAP Spot Market Auction prices for the Capability Periods in the Mitigation Study Period based on the Examined Facilities that remain in the Class Year for CRIS and the Examined Facilities that meet 23.4.5.7.3 (II). When evaluating Examined Capacity pursuant to this Section 23.4.5.7, the ISO shall seek comment from the Market Monitoring Unit on matters relating to the determination of price projections and cost calculations. The ISO shall provide to each project its revised price forecast and a revised initial determination for a Subsequent Decision Period no later than the ISO's issuance of a Revised Project Cost Allocation. If a project remains a member of a completed Class Year, the ISO shall inform the project of the final determination of the Offer Floor or whether the Offer Floor exemption specified above in this Section is applicable as soon as practicable after the date the ISO issues a notice to stakeholders that the Class Year decisional process has been completed, in accordance with methods and procedures specified in ISO Procedures. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.12 of Attachment O to this Services Tariff.

23.4.5.7.3.4 If an Examined Facility under the criteria in 23.4.5.7.3 (II) has not provided written notice to the ISO on or before the date specified by the ISO, or any Examined Facility required to be reviewed does not provide all of the requested data by the date specified by the ISO, the proposed Capacity shall be

subject to the Mitigation Net CONE Offer Floor for the period determined by the ISO in accordance with Section 23.4.5.7.

23.4.5.7.3.5 Except as specified in Section 23.4.5.7.6 with respect to Additional CRIS MW, an Examined Facility for which an exemption or Offer Floor determination has been rendered may only be reevaluated for an exemption or Offer Floor determination if it meets the criteria in Section 23.4.5.7.3 (I) and was not previously in a Class Year at the time of the completion of the Class Year either (a) enters a new Class Year and requests CRIS or (b) intends to receive transferred CRIS rights at the same location. An Examined Facility under the criteria in Section 23.4.5.7.3 (II) that did receive CRIS rights will be bound by the determination rendered and will not be reevaluated. An Examined Facility under the criteria that had been set forth in Section 23.4.5.7.3 (III) prior to May 19, 2016, will not be reevaluated.

23.4.5.7.3.6 If an Installed Capacity Supplier demonstrates to the reasonable satisfaction of the ISO that the value equal to the first of the three year values in the Mitigation Study Period that comprise its Unit Net CONE is less than any Offer Floor that would otherwise be applicable to the Installed Capacity Supplier, then its Offer Floor shall be reduced to a numerical value equal to the first year of its Unit Net CONE.

23.4.5.7.3.7 If the Installed Capacity Supplier first offers UCAP prior to the first Capability Year of the Mitigation Study Period for which it was evaluated, its Offer Floor shall be reduced using the inflation rate component identified in Section 23.4.5.7. If the Installed Capacity Supplier first offers UCAP after the

first Capability Year of the Mitigation Study Period for which it was evaluated, its Offer Floor shall be increased using the inflation rate component identified in 23.4.5.7.

23.4.5.7.4 For purposes of Sections 23.4.5.7.2(b) and 23.4.5.7.6(b), the ISO shall identify (A) the Unit Net CONE projected for a Mitigation Study Period using: (i) the inflation rate component of the escalation factor of the relevant ICAP Demand Curves for any year for which there are accepted ICAP Demand Curves, and (ii) the inflation rate component of the escalation factor of the last year of accepted relevant ICAP Demand Curves if relevant ICAP Demand Curves do not apply to the year; and (B) the price on the ICAP Demand Curve projected for a Mitigation Study Period using (i) the escalation factor of the relevant ICAP Demand Curves for any year for which there are accepted ICAP Demand Curves; and (ii) the escalation factor of the last year of accepted ICAP Demand Curves if relevant ICAP Demand Curves do not apply to the year. For purposes of Section 23.4.5.7.2(a), the ISO shall use the escalation factor of the relevant ICAP Demand Curves.

23.4.5.7.5 A Mitigated Capacity Zone Installed Capacity Supplier that is a Special Case Resource shall be subject to an Offer Floor beginning with the month of its initial offer to supply Installed Capacity, and until its offers of Installed Capacity have been accepted in the ICAP Spot Market Auction at a price at or above its Offer Floor for a total of twelve, not necessarily consecutive, months. A Special Case Resource shall be exempt from the Offer Floor if (a) it is located in a Mitigated Capacity Zone except New York City and is enrolled as a Special Case

Resource with the ISO for any month within the Capability Year that includes March 31 in an ICAP Demand Curve Reset Filing Year in which the ISO proposes a New Capacity Zone that includes the location of the Special Case Resource, or (b) the ISO projects that the ICAP Spot Market Auction price will exceed the Special Case Resource's Offer Floor for the first twelve months that the Special Case Resource reasonably anticipated to offer to supply UCAP. If a Responsible Interface Party fails to provide Special Case Resource data that the ISO needs to conduct the calculations described in the two preceding sentences by the deadline established in ISO Procedures, the Special Case Resource will cease to be eligible to offer or sell Installed Capacity. The Offer Floor for a Special Case Resource shall be equal to the minimum monthly payment for providing Installed Capacity payable by its Responsible Interface Party, plus the monthly value of any payments or other benefits the Special Case Resource receives from a third party for providing Installed Capacity, or that is received by the Responsible Interface Party for the provision of Installed Capacity by the Special Case Resource. The Offer Floor calculation for a Special Case Resource located in New York City shall include any payment or the value of other benefits that are awarded for offering or supplying Mitigated Capacity Zone Capacity unless such payment or the value of other benefits is ruled exempt by Commission order in response to a request for exemption filed under section 206 of the Federal Power Act by New York State or a government instrumentality of New York State. The Offer Floor calculation for a Special Case Resource located in a Mitigated Capacity Zone except New York City shall include any payment or the value of

other benefits that are awarded for offering or supplying Mitigated Capacity Zone Capacity, except for payments or the value of other benefits provided under programs administered or approved by New York State or a government instrumentality of New York State. Offers by a Responsible Interface Party at a PTID shall be not lower than the highest Offer Floor applicable to a Special Case Resource providing Installed Capacity at that PTID. Such offers may comprise a set of points for which prices may vary with the quantity offered. If this set includes megawatts from a Special Case Resource(s) with an Offer Floor, then at least the quantity of megawatts in the offer associated with each Special Case Resource must be offered at or above the Special Case Resource's Offer Floor. Offers by a Responsible Interface Party shall be subject to audit to determine whether they conformed to the foregoing Offer Floor requirements. If a Responsible Interface Party together with its Affiliated Entities submits one or more offers below the applicable Offer Floor, and such offer or offers cause or contribute to a decrease in UCAP prices in the Mitigated Capacity Zone of 5 percent or more, provided such decrease is at least $.50/kilowatt-month, the Responsible Interface Party shall be required to pay to the ISO an amount equal to 1.5 times the difference between the Market-Clearing Price for the Mitigated Capacity Zone in the ICAP Spot Auction for which the offers below the Offer Floor were submitted with and without such offers being set to the Offer Floor, times the total amount of UCAP sold by the Responsible Interface Party and its Affiliated Entities in such ICAP Spot Auction. If an offer is submitted below the applicable Offer Floor, the ISO will notify the Responsible Market Party and the

notification will identify the offer, the Special Case Resource, the price impact, and the penalty amount. The ISO will provide the notice reasonably in advance of imposing such penalty. The ISO shall distribute any amounts recovered in accordance with the foregoing provisions among the entities, other than the entity subject to the foregoing payment requirement, supplying Installed Capacity in regions affected by one or more offers below an applicable Offer Floor in accordance with ISO Procedures.

23.4.5.7.6 Exemption and Offer Floor Determinations **for Additional CRIS MW**: All requests for Additional CRIS MW located in a Mitigated Capacity Zone, in a Class Year or through a transfer, shall be evaluated for a buyer-side mitigation exemption or Offer Floor in accordance with this Section. Additional CRIS MW obtained in a Class Year or obtained through a transfer at the same location shall be exempt from an Offer Floor (a) if the price that is equal to (x) the average of the ICAP Spot Market Auction price for each month in the two Capability Periods, beginning with the Summer Capability Period commencing three years from the start of the Class Year (the "Starting Capability Period") is projected by the ISO, with the inclusion of the Additional CRIS MW, to be higher than (y) the highest Offer Floor based on the Mitigation Net CONE that would be applicable to such Additional CRIS MW in the same two (2) Capability Periods (utilized to compute (x)); (b) if the price that is equal to the average of the ICAP Spot Market Auction prices in the six Capability Periods beginning with the Starting Capability Period is projected by the ISO, with the inclusion of the Installed Capacity Supplier's Additional CRIS MW, to be higher than the reasonably

anticipated Unit Net CONE computed in accordance with (i) and (ii) of Section 23.4.5.7.6.1 for the Installed Capacity Supplier's Additional CRIS MW, or (c) for the quantity of MW determined to be exempt pursuant to Section 23.4.5.7.13 or 23.4.5.7.14 (*i.e.*, a Self Supply Exemption can be received for some Additional CRIS MW and a Renewable Exemption for other Additional CRIS MW that comprise all or part of the same request for Additional CRIS MW in a given Class Year.

23.4.5.7.6.1 For Additional CRIS MW that have an exemption or Offer Floor determined pursuant to this Section 23.4.5.7.6, the ISO shall compute Unit Net CONE as follows:

(i) Unit Net CONE for the Additional CRIS MW shall be based on the Additional CRIS MW and the costs and revenues of and associated with the Additional CRIS MW if:

(a) the most recent prior determination concluded that the Capacity for which the Examined Facility accepted CRIS was exempt from the Offer Floor pursuant to Section 23.4.5.7.2(b), 23.4.5.7.6(b), 23.4.5.7.7, or 23.4.5.7.8; or

(b) at the time of an Examined Facility's request for Additional CRIS MW: (1) it has accepted CRIS MW equal to, or greater than, 95 percent of the Examined Facility's maximum MW of electrical capability, net of auxiliary load, at an ambient temperature of 93° F as determined in accordance with ISO Procedures and (2) the amount of Cleared UCAP is greater than or equal to the amount of UCAP calculated pursuant to Section 23.4.5.7.6.3; or

(c) the Examined Facility's Total Evaluated CRIS MW includes exempted CRIS MW for which the Examined Facility did not receive a Unit Net CONE determination and thus did not provide data to the ISO because the determination for the exempt CRIS MW received was not based on Unit Net CONE and was made prior to November 27, 2010.

(ii) or in all other cases, Unit Net CONE, shall be the greater of two values, one based on the Total Evaluated CRIS MW, and the costs and revenues of the Total Evaluated CRIS MW, and one based on the Additional CRIS MW, and the costs and revenues of the Additional CRIS MW.

23.4.5.7.6.2 When calculating the Unit Net CONE of the Total Evaluated CRIS MW for an Examined Facility, the ISO shall utilize the Examined Facility's first year Unit Net CONE determined pursuant to Section 23.4.5.7 and Sections 23.4.5.7.2.4 or 23.4.5.7.3.2, adjusted to the year's dollars at the time of an Examined Facility's request for Additional CRIS MW using: (i) the relevant value from the price index for non-farm business output published in the Survey of Current Business by the Department of Commerce's Bureau of Economic Analysis ("BEA Non-Farm Price Index"), or its successor; or (ii) the inflation rate component of the escalation factor of the most currently accepted ICAP Demand Curves for any future year which is beyond the published BEA Non-Farm Price Index, or its successor.

23.4.5.7.6.3 For purposes of making the determination pursuant to Section 23.4.5.7.6.1(i)(b)(2), the amount of Cleared UCAP shall be compared to an amount of UCAP calculated as the product of the CRIS MW held by the

Examined Facility immediately prior to its request for Additional CRIS MW and (1-EFORd). Except as specified in the next paragraph, for purposes of this calculation, if the Examined Facility is a Generator, its EFORd shall be derived using the data in the 5-year average NERC-GADS Generating Availability Report, or its successor, for the main class of the unit (hereinafter the "Class Average EFORd") that is current at the time of the request for Additional CRIS MW, when available. If the Examined Facility is an Intermittent Power Resource or Limited Control Run-of-River Hydro Resource, the ISO shall apply a 5-year average derating factor based on ISO data to establish the EFORd to be utilized in the calculation pursuant to this paragraph. In all other cases, the ISO will apply the 5-year average derating factor from the ICAP/UCAP translation, for the smallest Mitigated Capacity Zone in which the resource is located at the time of the request. The EFORd applied by the ISO at the time that the Examined Facility first offers or certifies UCAP in an Installed Capacity auction ("Initial Entry EFORd") shall be used instead of Class Average EFORd when it is higher (*i.e.*, a greater outage rate) than the Class Average EFORd calculated at the time of the Examined Facility's request for Additional CRIS MW.

23.4.5.7.6.4 Additional CRIS MW shall be subject to the Mitigation Net CONE Offer Floor for the period specified in Section 23.4.5.7, for any Examined Facility whose Total Evaluated CRIS MW includes CRIS MW that are or have ever been subject to the Mitigation Net CONE Offer Floor, pursuant to Section 23.4.5.7.3.4.

23.4.5.7.6.5 The Offer Floor for Additional CRIS MW shall be equal to the lesser of: (a) the Unit Net CONE for the Additional CRIS MW; or (b) a numerical value

equal to 75 percent of the Mitigation Net CONE translated into a seasonally adjusted monthly UCAP value for the Additional CRIS MW.

23.4.5.7.6.6 The results of this exemption determination shall apply only to the Additional CRIS MW and shall not alter or affect any prior exemption or Offer Floor determination for the Examined Facility. The Additional CRIS MW for which CRIS is received shall be bound by the determination rendered and will not be reevaluated unless the Examined Facility enters a new Class Year for the Additional CRIS MW.

23.4.5.7.6.7 When the ISO makes a mitigation exemption or Offer Floor determination for an Examined Facility's Additional CRIS MW for an Installed Capacity Supplier other than that to which the Unit Net CONE determination for the Examined Facility was rendered, the ISO shall provide such Installed Capacity Supplier with the Examined Facility's first year Unit Net CONE value if the Installed Capacity Supplier (a) requests that information, and (b) represents that it: (i) will use that information solely for purposes of considering a request for Additional CRIS MW for the Examined Facility, and (ii) will not share that information with or make it available to any other person except those that are assisting it in considering a request for Additional CRIS MW.

23.4.5.7.6.8 The ISO shall post on its website the determination of whether the project is exempt or non-exempt from an Offer Floor as soon as the determination is final. Concurrent with the ISO's posting, the Market Monitoring Unit shall publish a report on the ISO's determination, as further specified in Section 30.4.6.2.12 of Attachment O to this Services Tariff.

23.4.5.7.7 (a) An In-City Installed Capacity Supplier that is not a Special Case Resource shall be exempt from an Offer Floor if it was an existing facility on or before March 7, 2008. (b) A Generator or UDR project that was an existing facility on or before June 29, 2012, which: (i) is in a Mitigated Capacity Zone except New York City, and (ii) was grandfathered from the deliverability requirement at a certain quantity of MW of CRIS pursuant to Section 25.9.3.1 of OATT Attachment S ("Deliverability Grandfathering Process") shall be exempt from an Offer Floor for the MW quantity of CRIS that was provided through the Deliverability Grandfathering Process plus an additional 2 MW obtained through Section 30.3.2.6 of Attachment X to the OATT. If the Generator or UDR project subsequently received CRIS above the quantity established through the Deliverability Grandfathering Process, this exemption shall not apply to any such increase above the 2 MW allowed in Section 30.3.2.6 of Attachment X to the OATT.

23.4.5.7.8 For any Mitigated Capacity Zone except New York City:

(I) Any existing or proposed Generator or UDR project that has the characteristics specified in this Section 23.4.5.7.8(I) shall be exempt from an Offer Floor with respect to the MW of CRIS that it received at the time, or for which it satisfied the specific CRIS transfer requirements stated in this Section. To be eligible for an exemption under this Section: (a) the existing or proposed Generator or UDR project's location must be included in the ISO's March 31 Filing in the ICAP Demand Curve Reset Filing Year in which a Mitigated Capacity Zone is first applied to such location; (b) prior to that March 31 Filing

the existing or proposed Generator or UDR project must have both: (i) Commenced Construction and (ii) either (1) received the MW of CRIS in a Class Year that was completed or (2) submitted to the ISO an Interconnection Request that specifically states that the Generator or UDR project will be requesting or has requested a transfer of a specific MW quantity of CRIS at the same location in accordance with Section 25.9.4 of OATT Attachment S (provided that the transfer is ultimately approved by the ISO and consummated); and (c) the existing or proposed Generator or UDR project must demonstrate to the ISO no later than the deadline established by the ISO that it satisfies the requirements of (b) (i) and (ii) above; and

(II) An existing or proposed Generator or UDR project that is not subject to a deliverability requirement (and therefore, is not in a Class Year and does not receive CRIS MW) shall be exempt from an Offer Floor if it meets the following requirements prior to the ISO's March 31 Filing in an ICAP Demand Curve Reset Filing Year in which a Mitigated Capacity Zone is first applied to such location: (a) has Commenced Construction, (b) has an effective interconnection agreement, and (c) provides specific written notification to the ISO that it meets requirements (a) and (b) of this subsection 23.4.5.7.8(II) no later than the deadline established by the ISO.

The ISO shall consult with the Market Monitoring Unit prior to determining whether an existing or proposed Generator or UDR project has Commenced Construction. Prior to the ISO making its determination, the Market Monitoring Unit shall provide the ISO a written opinion and recommendation

regarding whether an existing or proposed Generator or UDR project Commenced Construction. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.12 of Attachment O. The ISO shall only make a determination pursuant to this Section for an existing or proposed Generator or UDR project for the Mitigated Capacity Zone's first application to the location of the project. The Market Monitoring Unit shall also provide a public report on its assessment of an ISO determination that an existing or proposed Generator or UDR project is exempt from an Offer Floor pursuant to this Section 23.4.5.7.8.

23.4.5.7.9 Competitive Entry Exemption

23.4.5.7.9.1 Eligibility

23.4.5.7.9.1.1 A proposed new Generator or UDR project that becomes a member of a Class Year after Class Year 2012 may request to be evaluated for a "Competitive Entry Exemption" for its CRIS MW and shall qualify for such exemption if the ISO determines that the proposed Generator or UDR project meets each of the following requirements: (a) does not have, and at no time before the Generator first produces or the UDR project first transmits energy (for purposes of this Section 23.4.5.7.9, the "Entry Date") shall have, (i) a direct or indirect "non-qualifying contractual relationship," as defined in Section 23.4.5.7.9.1.2, with a Public Power Entity, a Transmission Owner with a Transmission District in the NYCA, any other entity with a Transmission District in the NYCA, or an agency or instrumentality of New York State or a political subdivision thereof, (collectively "Non-Qualifying Entry Sponsors"); or (ii) an unexecuted agreement,

written or unwritten, with a Non-Qualifying Entry Sponsor that would support the development of the project, except those agreements that would not constitute a "non-qualifying contractual relationship," as set forth in Section 23.4.5.7.9.1.3(i) – (viii), (b) is not itself, and is not an Affiliate of, a Non-Qualifying Entry Sponsor.

23.4.5.7.9.1.2 For purposes of Section 23.4.5.7.9, a direct "non-qualifying contractual relationship" shall include but not be limited to any contract, agreement, arrangement, or relationship (for the purposes of this Section 23.4.5.7.9, a "contract") that: (a) directly relates to the planning, siting, interconnection, operation, or construction of the Generator or UDR project that is the subject of the request for the Competitive Entry Exemption; (b) is for the energy or capacity produced by or delivered from or by the Generator or UDR project, including an agreement for rights to schedule or use a UDR; or (c) provides services, financial support, or tangible goods to a Generator or UDR project. For purposes of Section 23.4.5.7.9, an indirect "non-qualifying contractual relationship" is any contract between the Generator or UDR project and an entity (for purposes of this Section 23.4.5.7.9, a "third party") if the third party has a non-qualifying contractual relationship with a Non-Qualifying Entry Sponsor, the recital, purpose, or subject of which includes, or has the effect of including, this Generator or UDR project.

23.4.5.7.9.1.3 A contract with a Non-Qualifying Entry Sponsor shall not constitute a "non-qualifying contractual relationship" if it is (i) an Interconnection Agreement; (ii) an agreement for the construction or use of interconnection facilities or

transmission or distribution facilities, or directly connected joint use transmission or distribution facilities (including contracts required for compliance with Articles VII or 10 of the New York State Public Service Law or orders issued pursuant to Articles VII or 10); (iii) a grant of permission by any department, agency, instrumentality, or political subdivision of New York State to bury, lay, erect or construct wires, cables or other conductors, with the necessary poles, pipes or other fixtures in, on, over or under public property; (iv) a contract for the sale or lease of real property to or from a Non-Qualifying Entry Sponsor at or above fair market value as of the date of the agreement was executed, such value demonstrated by an independent appraisal at the time of execution prepared by an accountant or appraiser with specific experience in such valuations; (v) an easement or license to use real property; (vi) a contract, with any department, agency, instrumentality, or political subdivision of New York State providing for a payment-in-lieu of taxes (*i.e.*, a "PILOT" agreement) or industrial or commercial siting incentives, such as tax abatements or financing incentives, provided the PILOT agreement or incentives are generally available to industrial or commercial entities; (vii) a service agreement for natural gas entered into under a tariff accepted by a regulatory body with jurisdiction over that service; or (viii) a service agreement entered into under a tariff accepted by a regulatory body with jurisdiction over that service at a regulated rate for electric Station Power, or steam service, excluding an agreement for a rate that is a negotiated rate pursuant to any such regulated electric, or steam tariff. Notwithstanding the foregoing, a contract with a Non-Qualifying Entry Sponsor that includes a provision that is a

non-qualifying contractual relationship will render the entire contract described in (i) through (viii) of this Section a non-qualifying contractual relationship.

23.4.5.7.9.1.4 The ISO shall determine whether a Generator or UDR project is eligible for a Competitive Entry Exemption based on its review of the certifications required by Section 23.4.5.7.9.2, below, and any other supporting data requested by the ISO. When evaluating eligibility for a Competitive Entry Exemption, the ISO shall consult with the Market Monitoring Unit. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.12 of Attachment O to this Services Tariff.

23.4.5.7.9.2 Certifications and Acknowledgements

23.4.5.7.9.2.1 A Generator or UDR project requesting a Competitive Entry Exemption shall submit to the ISO in accordance with ISO Procedures, and shall be legally bound by, the following Certification and Acknowledgement form executed by a duly authorized officer:

CERTIFICATION AND ACKNOWLEDGMENT

I [NAME & TITLE] hereby certify on behalf of myself, [NAME OF PROJECT], and [NAME OF DEVELOPER] that each of the following statements is true and correct:

1. I am an officer whose responsibilities include the development of the [EXAMINED FACILITY], New York Independent System Operator, Inc.'s ("NYISO") Interconnection queue position Number [INSERT NUMBER] (the "Project").

2. I am duly authorized to make representations concerning the Project, including each of the certifications and acknowledgements that I have made in this document.

3. I hereby [REQUEST ON BEHALF OF/ACKNOWLEDGE THE PRIOR SUBMISSION IN THIS CLASS YEAR BY] the Developer a Competitive Entry Exemption for the Project.

4. I have reviewed and I understand the requirements established under the NYISO Market Administration and Control Area Services Tariff ("Services Tariff") related to a "Competitive Entry Exemption" pursuant to Section 23.4.5.7.9.

5. I have personal knowledge of the facts and circumstances supporting the Project's request and eligibility for a Competitive Entry Exemption as of the date of this Certification and Acknowledgment, including all data and other information submitted by the Project to the NYISO.

6. To the best of my knowledge and having conducted due diligence that is current as of the date of this Certification there [ARE/ARE NOT ANY**]** direct or indirect contractual relationships for the Project with a "Non-Qualifying Entry Sponsor," as those terms are defined in Section 23.4.5.7.9 of the Services Tariff. I have listed all contracts with Non-Qualifying Entry Sponsors on Schedule 1 to this Certification.

7. If the Answer to (6) is that there are one or more direct or indirect contractual relationships for the Project with a Non-Qualifying Entry Sponsor, then I certify that to the best of my knowledge and having conducted due diligence that they are "allowable contracts" as set forth in Section 23.4.5.7.9.1.3(i) – (viii) of the Services Tariff.

8. To the best of my knowledge and having conducted due diligence that is current as of the date of this Certification, (a) no unexecuted agreements, written or unwritten, with a Non-Qualifying Entry Sponsor exist that would support the development of the Project except those agreements that would not constitute a non-qualifying contractual relationship, as set forth in Section 23.4.5.7.9.1.3(i) – (viii) of the Services Tariff, and (b) all agreements that would not constitute a non-qualifying contractual relationship are on Schedule 1 to this certification.

9. To the best of my knowledge and having conducted due diligence, the Project is not a Non-Qualifying Entry Sponsor, and it is not an "Affiliate" (as Affiliate is defined in Section 2.1 of the Services Tariff) of, a Non-Qualifying Entry Sponsor.

10. The Project shall provide any information or cooperation requested by the NYISO in connection with the Project's request for a Competitive Entry Exemption.

11. All parents or Affiliates of the Project shall provide any information or cooperation requested by the ISO.

I hereby acknowledge on behalf of myself, [INSERT NAME OF PROJECT], and [NAME OF DEVELOPER] that:

a. The submission of false, misleading, or inaccurate information, or the failure to submit information requested by the NYISO related to the Project's request for a Competitive Entry Exemption, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the Project, shall constitute a violation of Section 4.1.7 of the Services Tariff, and subject to the Commission's review, a violation of the Commission's regulations and Section 316A of the Federal Power Act.

b. If the Project submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the Project, it shall cease to be eligible for a Competitive Entry Exemption and, if the Project has already received a Competitive Entry Exemption, that exemption shall be subject to revocation by the NYISO or the Commission after which the Project shall be subject to an Offer Floor set at the Mitigation Net CONE Offer Floor (such value calculated based on the date it first Offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff,) starting with the date of the revocation pursuant to Section 23.4.5.7.9.5.3 of the Services Tariff.

c. If the Project submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to information contained or submitted in the Certification and Acknowledgement on behalf of the Project, it may be subject to civil penalties that may be imposed by the Commission for violations of Section 4.1.7 of Services Tariff, the Commission's rules, and/or Section 316A of the Federal Power Act.

_____

[PRINT NAME]
[DATE]

Subscribed and sworn to before me
this [ ] day of [MONTH] [YEAR].

_____

Notary Public

My commission expires: _____

[DATE]

Parties to agreement Date Executed Effective Date Date Performance Commences

23.4.5.7.9.2.2 A duly authorized officer of the Generator or UDR project shall also submit a certification acknowledging that parents or Affiliates shall provide any information or cooperation requested by the ISO.

23.4.5.7.9.2.3 The certifying officers must have knowledge of the facts and circumstances supporting the request and qualification for a Generator's or UDR project's Competitive Entry Exemption.

23.4.5.7.9.2.4 Such certifications shall be submitted concurrent with the request for a Competitive Entry Exemption and each time the ISO requests a resubmittal of a certification, until the Generator's or UDR project's Entry Date.

23.4.5.7.9.2.5 The Generator or UDR project must notify the ISO if information in a certification ceases to be true, promptly upon such occurrence or learning information previously provided was not true.

23.4.5.7.9.2.6 Failure to provide, without prior notification, information or cooperation consistent with any certification shall be considered a false, misleading, or inaccurate submission for purposes of Section 23.4.5.7.9.5.

23.4.5.7.9.2.7 Where a notification is provided to the ISO, within 2 business days of receipt of a request from the ISO for information or cooperation, that the information or cooperation requested will not be provided, such refusal will not be considered a false, misleading, or inaccurate submission for purposes of Section 23.4.5.7.9.5 as long as the information is provided by the earlier of a

mutually agreed upon deadline or thirty (30) calendar days. A refusal to provide information or any other failure to provide information by that deadline will make the Generator or UDR project requesting a Competitive Entry Exemption ineligible for such exemption, and such Generator or UDR project shall be subject to the Mitigation Net CONE Offer Floor (such value based on the date it first offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff.)

23.4.5.7.9.3 Timing for Requests, Required Submittals, and Withdrawals

23.4.5.7.9.3.1 The executed Certification and Acknowledgement form required by Section 23.4.5.7.9.2 shall be submitted concurrent with a request for a Competitive Entry Exemption. The ISO may request additional information and updated certifications at any time prior to a Generator's or UDR project's Entry Date. A Generator or UDR project that is granted an exemption pursuant to this Section 23.4.5.7.9, shall be required to submit an executed Certification and Acknowledgement form set forth in Section 23.4.5.7.9.2 of the Services Tariff, updated as appropriate, upon its Entry Date.

23.4.5.7.9.3.2 Requests for Competitive Entry Exemptions for Generators or UDR projects in Class Years subsequent to Class Year 2012 must be received by the ISO no later than the deadline by which a facility must notify the ISO of its election to enter the Class Year, such date as set forth in Section 25.5.9 OATT Attachment S. A Generator or UDR project that requests a Competitive Entry Exemption in a Class Year may not also request a Renewable Exemption or Self Supply Exemption. A Generator or UDR project that remains a member of a

completed Class Year if such Class year is Class Year 2012 or prior Class Year, shall not be eligible to request or receive a Competitive Entry Exemption. The ISO shall determine whether a Generator or UDR project is exempt, subject to any required further submissions of information, or not exempt under the Competitive Entry Exemption, prior to the Initial Decision Period within which a Developer must provide an Acceptance Notice or Non-Acceptance Notice to the ISO in response to the first Project Cost Allocation issued by the ISO to the Developer.

23.4.5.7.9.3.3 A Generator or UDR project that submits a request for a Competitive Entry Exemption, including the required Certification and Acknowledgement, responses to information requests, and resubmittal, but (a) enters into a "non-qualifying contractual relationship" or (b) enters into an unexecuted agreement, written or unwritten, with a Non-Qualifying Entry Sponsor that would support the development of the Project, except those agreements identified in 23.4.5.7. 9.1.3 that would not constitute a "non-qualifying contractual relationship, may withdraw such request, provided that it notifies the ISO that it has entered into such "non-qualifying contractual relationship" within 2 business days of doing so. A Generator or UDR project seeking to withdraw its request pursuant to this section 23.4.5.7.9.3.3 shall be subject to the Mitigation Net CONE Offer Floor (such value calculated based on its the date it first offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff,) but will not be subject to the provisions of Section 23.4.5.7.9.5.

23.4.5.7.9.4 Notifications

23.4.5.7.9.4.1 The ISO shall post on its website a list of each Generator or UDR project that requests a Competitive Entry Exemption that becomes a member of the Class Year, promptly after the deadline set forth in Section 30.8.1 of the OATT (Attachment X) (by which the ISO must receive the Developer's executed Class Year Interconnection Facilities Study Agreement and deposit.) The ISO shall update the list as necessary. The ISO shall also post on its website whether a request for a Competitive Entry Exemption was denied, or granted, as soon as its determination is final.

23.4.5.7.9.4.2 Concurrent with the ISO posting of its final determination, the Market Monitoring Unit shall publish a report on the ISO's determination in accordance with Section 30.4.6.2.12 of Attachment O to this Services Tariff.

23.4.5.7.9.5 Revocation

23.4.5.7.9.5.1 The submission of false, misleading, or inaccurate information, or the failure to submit requested information in connection with a request for a Competitive Entry Exemption shall constitute a violation of the Services Tariff. Such violation shall be reported, by the ISO, to the Market Monitoring Unit and to the Commission's Office of Enforcement (or any successor to its responsibilities).

23.4.5.7.9.5.2 Where the ISO reasonably believes that a request for a Competitive Entry Exemption was granted based on false, misleading, or inaccurate information, the ISO shall notify the Generator or UDR project that its Competitive Entry Exemption may be revoked, and provided 30 days written notice has been given to the Generator or UDR project (such notice to the extent practicable,) the ISO

may revoke the Competitive Entry Exemption and apply the Mitigation Net CONE Offer Floor (such value calculated based on the date it first offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff.) Prior to the revocation of a Competitive Entry Exemption and the submission of a report to the Commission's Office of Enforcement (or any successor to its responsibilities,) the ISO shall provide the Generator or UDR project an opportunity to explain any statement, information, or action. The ISO cannot revoke the Competitive Entry Exemption until after the 30 days written notice period has expired, unless ordered to do so by the Commission.

23.4.5.7.10 The ISO shall post on its website the identity of the project in a Mitigated Capacity Zone and the determination of either exempt or non-exempt as soon as the determination is final. Concurrent with the ISO's posting, the Market Monitoring Unit shall publish a report on the ISO's determinations, as further specified in Section 30.4.6.2.12 of Attachment O to this Services Tariff.

23.4.5.7.11 Mitigated UCAP that is subject to an Offer Floor shall remain subject to the requirements of Section 23.4.5.4, and if the Offer Floor is higher than the applicable offer cap shall submit offers not lower than the applicable Offer Floor.

23.4.5.7.12 Reserved for future use.

23.4.5.7.13 Renewable Exemption

23.4.5.7.13.1 Eligibility

23.4.5.7.13.1.1 An Examined Facility or an NCZ Examined Project, may request to be evaluated for a Renewable Exemption in the amount of its CRIS MW

requested in the Class Year or which it expects to receive through a transfer of CRIS at the same location. For purposes of this Section 23.4.5.7.13, an Examined Facility or NCZ Examined Project for which the ISO receives such a request shall be referred to as a "Renewable Exemption Applicant." A UDR project may not be a Renewable Exemption Applicant. For purposes of this Section 23.4.5.7.13, references to a Renewable Exemption Applicant's CRIS MW shall be understood to encompass Additional CRIS MW in cases where the Renewable Exemption Applicant is an existing Generator seeking a Renewable Exemption for Additional CRIS MW. An Examined Facility or an NCZ Examined Project that is a member of a Class Year may not request a Renewable Exemption in the same Class Year that it requests a Competitive Entry Exemption, and an Examined Facility or an NCZ Examined Project that is the expected transferee of CRIS being considered with a Class Year may not request a Renewable Exemption in respect of the same Class Year that it requests a Competitive Entry Exemption. The ISO shall evaluate requests for a Renewable Exemption from (x) members of Class Year 2015 that are received on or before April 28, 2016, (y) members of a Class Year after Class Year 2015 provided that the CRIS rights are received no later than the deadline by which the facility must notify the ISO of its election to enter the Class Year, such date as set forth in Section 25.5.9 of OATT Attachment S, and (z) expected recipients of transferred CRIS rights at the same location from which the ISO has been notified, by the transferor or the transferee, of a transfer pursuant to OATT Attachment S Section 25.9.4 that will be effective on a date within the Mitigation Study Period for the Class Year, provided that they are received no

later than the Class Year Start Date for such Class Year. Examined Facilities and NCZ Examined Projects will not be evaluated for a Renewable Exemption if the ISO does not receive the request to be evaluated by the deadline established in accordance with the preceding sentence, or if the Examined Facility or NCZ Examined Project also submits a request for a Competitive Entry Exemption prohibited by this paragraph.

A Generator that remains a member of a completed Class Year, if such Class Year is Class Year 2012 or a prior Class Year, shall not be eligible for a Renewable Exemption, except for Additional CRIS MW. Up to the quantity of CRIS MW specified by the Renewable Exemption Applicant in its exemption request shall be exempt from an Offer Floor if it remains a member of the completed Class Year (or if the transferee does not notify the ISO, on or before the date the Class Year is completed, that it no longer expects to be the recipient of the transferred CRIS) and the ISO determines that it meets the requirements of Section (a), subject to the limitation in Section (b) of this Section 23.4.5.7.13.1, and subject to Section 23.4.5.7.13.3.

(a) The Renewable Exemption Applicant:

(i) must have, for its Interconnection Queue position, a proposed design that is a Generator to be powered solely by a device that can qualify as an Intermittent Power Resource, or must be a Limited Control Run-of-River Resource, as such terms are (A) defined on the date by which the ISO must receive the request for a Renewable Exemption in accordance with Section 23.4.5.7.13.1.1,or (B) in the ISO's judgment, are reasonably expected to be defined at the time that the

Renewable Exemption Applicant is first qualified as an Installed Capacity Supplier; and

(ii) (A) be proposed in the Class Year to be powered solely by a technology that is an Exempt Renewable Technology; or

(B) be determined by the ISO, in accordance with ISO Procedures, to have (1) high development costs, and (2) a low capacity factor such that there would be limited or no incentive and ability to develop the Renewable Exemption Applicant in order to artificially suppress capacity prices. The ISO shall make this determination by evaluating pertinent factors, including whether the reasonably projected costs of new entry and operation of the Renewable Exemption Applicant, net of the likely projected revenues from the sale of Capacity, Energy and Ancillary Services, and any other generally available revenues associated with the production of those products, are greater than the reasonably estimated cost savings to Loads due to a reduction in ICAP Market-Clearing Prices projected to result from the entry of the Renewable Exemption Applicant's requested CRIS MW (or CRIS MW to be transferred at the same location.)

(b) A total amount not exceeding 1,000 MW of Installed Capacity may be determined to be exempt pursuant to the Renewable Exemption in any one Class Year. This amount includes any amount for which an NCZ Examined Project is determined to be eligible at the time the ISO issues an Indicative Buyer Side Mitigation Determination pursuant to Section 23.4.5.7.2.2, or a determination pursuant to Section 23.4.5.7.2.1. If the ISO determines that more than 1,000 MW of Installed Capacity would be eligible for a Renewable Exemption for any one

Class Year (including transferred CRIS at the same location) but for the 1,000 MW limitation, then each Renewable Exemption Applicant determined by the ISO to be eligible for a Renewable Exemption other than those that were also determined to be exempt pursuant to Sections 23.4.5.7.2(a) or (b) or Section 23.4.5.7.14, shall have only a portion of its evaluated CRIS MW exempted. Such portion of the 1,000 MW shall be the MW equal to the proportion of the CRIS MW for which the Renewable Exemptions were requested to the total Installed Capacity MW of those MW determined to be eligible for the Renewable Exemption for the Class Year that are not also determined to be exempt pursuant to Sections 23.4.5.7.2(a) or (b) or Section 23.4.5.7.14.

23.4.5.7.13.2 Periodic Review and Determination of Exempt Renewable Technologies

23.4.5.7.13.2.1 In each ICAP Demand Curve Reset Filing Year after 2016, the ISO shall conduct a periodic review, in accordance with this Section and ISO Procedures, to determine the technology types that should be Exempt Renewable Technologies for Class Years with a Class Year Start Date during the Capability Years covered by the ICAP Demand Curve periodic review conducted for the relevant ICAP Demand Curve Reset Filing Year.

23.4.5.7.13.2.1(a) The ISO's periodic review will identify, by Mitigated Capacity Zone, the technologies that, at the time of the periodic review, are technically feasible in the ISO Administered Markets (whether as a single unit, or a plant comprised of more than one unit) and that could qualify as either Intermittent Power Resources or Limited Control Run-of-River Hydro Resources ("candidate intermittent renewable technologies").

23.4.5.7.13.2.1(b): For each candidate intermittent renewable technology, the ISO's periodic review will reasonably project:

(i) the costs of new entry and operation;

(ii) the revenues from the sale of Capacity, Energy and Ancillary Services, and any other generally available revenues associated with the production of those products by it; and

(iii) the cost savings to Loads due to a reduction in ICAP Market-Clearing Prices from the new entry of the candidate intermittent renewable technology.

23.4.5.7.13.2.2 The ISO will utilize pertinent factors including results of the computation in accordance with Section 23.4.5.7.13.2.1(b) to determine, for each Mitigated Capacity Zone, which candidate intermittent renewable technologies have (a) high development costs and (b) a low capacity factor, such that considering (a) and (b) there is limited or no incentive and ability to develop the candidate intermittent renewable technology in order to artificially suppress capacity prices.

23.4.5.7.13.2.3 The ISO's periodic review shall provide for:

(a) The ISO's preliminary identification of candidate intermittent renewable technologies for stakeholder review and comment;

(b) The ISO's issuance of a draft list of recommended Exempt Renewable Technologies and the basis for the recommendation, for stakeholder and Market Monitoring Unit review and comment; (The responsibilities of the Market Monitoring Unit that are addressed in this section of the Services Tariff are also addressed in Section 30.4.6.2.12 of Attachment O to this Services Tariff.)

23.4.5.7.13.2.4 On or before the 60th day subsequent to the Commission issuance of an order accepting ICAP Demand Curves based on the ICAP Demand Curve periodic review, the ISO shall file with the Commission the results of its Exempt Renewable Technology periodic review and determination pursuant to Section 23.4.5.7.13.2.2. If the ISO's determination of technology types that satisfy the provisions of Section 23.4.5.7.13.2.2 for any Mitigated Capacity Zone is different than the then-current definition of Exempt Renewable Technology, the ISO shall propose in the filing, for Commission review, a revised definition that is in accordance with its periodic determination, to be effective for Class Years with a Class Year Start Date during the Capability Years covered by the ICAP Demand Curve periodic review conducted for the relevant ICAP Demand Curve Reset Filing Year. The ISO's filing shall describe the basis for the ISO's determination.

23.4.5.7.13.3. Revocation

23.4.5.7.13.3.1 A Renewable Exemption Applicant that received a Renewable Exemption for any amount of CRIS MW shall notify the ISO in writing within five (5) business days if (a) at the time it first qualifies as an Installed Capacity Supplier, or at any time thereafter, it is not solely powered by the same technology based on which it was evaluated for a Renewable Exemption, or (b) at the time it first qualifies as an Installed Capacity Supplier it is not solely powered by a technology that is defined as an Intermittent Power Resource or Limited Control Run-of-River Hydro Resource, even if the Renewable Exemption Applicant was determined to be eligible because, at the time it was evaluated, the ISO expected the technology would become defined as an Intermittent Power

Resource or Limited Control Run-of-River Hydro Resource. Upon notification, the ISO shall revoke the Renewable Exemption unless the Generator provides documentation with its notice in accordance with the prior sentence that demonstrates, to the ISO's satisfaction, that after the change it will be solely powered by an Exempt Renewable Technology as such term is defined on the date that the Generator first transmits energy using the different technology. Upon revocation, the ISO shall apply the Mitigation Net CONE Offer Floor (such value calculated by the ISO based on the date that the Generator (or Additional CRIS MW) first offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff) to all offers of UCAP by the Generator or Additional CRIS MW subsequent to the deadline for Unforced Capacity certification prior to an ICAP Spot Market Auction (such date in accordance with ISO Procedures) next following revocation. Nothing in this paragraph shall relieve a Generator from or alter any obligation it may have under the ISO Tariffs or any other tariff, agreement, or regulation to obtain permissions, authorizations provide notifications, or take any other action in advance of changing the technology which powers it (in whole or in part.)

23.4.5.7.13.3.2 The failure to provide the ISO written notice in accordance with Section 23.4.5.7.13.3.1 shall constitute a violation of the Services Tariff. Such violation shall be reported by the ISO to the Market Monitoring Unit and to the Commission's Office of Enforcement (or any successor to its responsibilities.)

23.4.5.7.13.3.3 If a Generator has not provided notice in accordance with Section 23.4.5.7.13.3.1 and the ISO determines that the Generator is not solely powered by a technology as described Section 23.4.5.7.13.3.1, the ISO shall notify the Generator that its Renewable Exemption may be revoked, and provided 30 days written notice has been given to the Generator (such notice to the extent practicable,) the ISO may revoke the Renewable Exemption. In the event of a revocation, the Mitigation Net CONE Offer Floor such value calculated by the ISO based on the date that the Generator or Additional CRIS MW) first offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff) shall apply to all offers of UCAP subsequent to the deadline for Unforced Capacity certification prior to an ICAP Spot Market Auction (such date in accordance with ISO Procedures) next following revocation. Prior to the revocation of a Renewable Exemption, the ISO shall provide the Generator an opportunity to respond to the ISO's determination. The ISO cannot revoke the Renewable Exemption until after the 30 days written notice period has expired, unless ordered to do so by the Commission.

23.4.5.7.13.4 Timing of Requests for a Renewable Exemption, Required Submittals, and Determinations

23.4.5.7.13.4.1 Requests for a Renewable Exemption must be received by the ISO no later than the deadline specified in Section 23.4.5.7.13.1. If any Examined Facility or NCZ Examined Project submits both a request for a Renewable Exemption and a Competitive Entry Exemption (*i.e.*, seeking to be considered for both exemptions at the same time,) the ISO shall not consider the request for a Renewable Exemption. The ISO may request additional information and updated

information at any time regarding eligibility and continued eligibility. The Renewable Exemption Applicant (if after entry, the Generator) shall timely provide the information.

23.4.5.7.13.2 The ISO shall determine whether a Renewable Exemption Applicant is or is not eligible for a Renewable Exemption, and whether it is eligible or is not eligible for an exemption pursuant to Section 23.4.5.7.2(a) and (b) or Section 23.4.5.7.14, prior to the Initial Decision Period. The ISO shall determine prior to the Initial Decision Period, at each Subsequent Decision Period, and upon completion of the Class Year, whether more than 1,000 MW of Installed Capacity would be eligible for a Renewable Exemption (including MW of NCZ Examined Projects) in a Class Year but for the 1,000 MW limitation. If at the time of the ISO's issuance of initial determinations, or the completion of the Class Year, more than 1,000 MW, then remaining in the Class Year or associated with a transfer of CRIS at the same location, are eligible for a Renewable Exemption, the ISO shall (i) first, exclude from the 1,000 MW cap the CRIS MW of any Examined Facility or NCZ Examined Project that was determined to be exempt pursuant to Sections 23.4.5.7.2 (a), or (b) or Section 23.4.5.7.14, and (ii) second, issue an initial determination (prior to the Initial Decision Period or at the time of any Subsequent Decision Period) or a final determination (if a member of the completed Class Year, or if a transfer of CRIS rights at the same location unless the transferee has notified the ISO, on or before the date the Class Year is completed, that it no longer expects to be the recipient of the transferred CRIS) of

the MW that will be exempt from an Offer Floor, equal to the proportion of the requested CRIS MW as determined in accordance with Section 23.4.5.7.13.1.1(b).

23.4.5.7.13.4.3 Determinations made pursuant to Section 23.4.5.7.13.4.2 shall be provided to the Renewable Exemption Applicants (other than NCZ Examined Projects) concurrent with the issuance of determinations in accordance with Section 23.4.5.7.3.3, and for an NCZ Examined Project at the time of the ISO's determination pursuant to Section 23.4.5.7.2.1.

23.4.5.7.13.4.4 The ISO shall post on its website its determination of whether the Renewable Exemption Applicant has been determined to be exempt for any quantity of MW, and if exempt, the quantity of MW exempt, or non-exempt, from an Offer Floor as soon as the determination is final. Concurrent with the ISO's posting, the Market Monitoring Unit shall publish a report on the ISO's determination, as further specified in Section 30.4.6.2.12 of Attachment O to this Services Tariff.23.4.5.7.14 Self Supply Exemption

23.4.5.7.14.1 Eligibility

23.4.5.7.14.1.1 In order to be evaluated for a Self Supply Exemption, each of the following requirements must be satisfied, by the deadline, in the required form, and with the required information in accordance with ISO Procedures. If one or more of the requirements is not satisfied, the ISO shall not evaluate the request for a Self Supply Exemption.

(a) An Examined Facility or NCZ Examined Project, (for purposes of this Section 23.4.5.7.14 an "SSE Applicant") may request to be evaluated for a Self Supply Exemption for a specified quantity of MW up to the amount of the CRIS MW

requested in the Class Year or, of which it is the expected recipient of transferred CRIS rights at the same location, in accordance with ISO Procedures. A UDR project may be a SSE Applicant. For purposes of this Section 23.4.5.7.14, references to a SSE Applicant's CRIS MW shall be understood to encompass Additional CRIS MW in cases where the SSE Applicant is an existing Generator or UDR project seeking a Self Supply Exemption for Additional CRIS MW. The ISO will evaluate the request if the SSE Applicant is (i) a member of Class Year 2015 and its request is received on or before April 28, 2016, (ii) a member of a Class Year after Class Year 2015 and its request is received no later than the deadline by which a facility must notify the ISO of its election to enter the Class Year, such date as set forth in Section 25.5.9 OATT Attachment S, or (iii) an expected recipient of transferred CRIS rights at the same location and the ISO has been notified, by the transferor or the transferee, of a transfer pursuant to OATT Attachment S Section 25.9.4 that will be effective on a date within the Mitigation Study Period for the Class Year, provided that the request is received no later than the Class Year Start Date for such Class Year. An Examined Facility or an NCZ Examined Project that is a member of a Class Year may not request a Self Supply Exemption in the same Class Year that it requests a Competitive Entry Exemption, and an Examined Facility or an NCZ Examined Project that is the expected transferee of CRIS being considered with a Class Year may not request a Self Supply Exemption in respect of the same Class Year that it requests a Competitive Entry Exemption.

A proposed new Generator or UDR project that remained a member of Class Year 2012 or a prior Class Year at the time of the completion of such Class Year, shall not be eligible to request or receive a Self Supply Exemption except in relation to a request for Additional CRIS MW.

(b) If the SSE Applicant is not the wholly owned property of the Self Supply LSE(s), or the wholly owned property of an entity that is wholly owned by the Self Supply LSE(s) or that wholly owns the Self Supply LSE(s), it must have a Long Term Contract (in accordance with Subsection (1) of this Section 23.4.5.7.14.1.1(b)(1) with the Self Supply LSE(s) that shall obligate the SSE Applicant to provide the capacity forming the basis for its eligibility for a Self Supply Exemption. Such an SSE Applicant must make its Self Supply Exemption request jointly, in a single request, with the Self Supply LSE(s) with which it has a Long Term Contract. If the proposed SSE Applicant is the wholly owned property of the Self Supply LSE(s), or the wholly owned property of an entity that is wholly owned by the Self Supply LSE(s) or that wholly owns the Self Supply LSE(s), then the SSE Applicant must provide documentation at the time it requests the exemption that demonstrates to the reasonable satisfaction of the ISO that it has a statutory, regulatory, or organizational obligation to provide Energy and Capacity to meet the Self Supply LSE's (or Self Supply LSEs') ICAP Obligation(s).

(1) Long Term Contract: For the purposes of a Self Supply Exemption, a "Long Term Contract" shall mean (i) a fully executed contract between the SSE Applicant that is a proposed new or existing Generator and a Self Supply LSE that is joining it in requesting the exemption, pursuant to which the SSE Applicant is

obligated to provide to the Self Supply LSE (or LSEs if more than one Self Supply LSE,) for a minimum of 10 years, Installed Capacity in an amount greater than or equal to the CRIS MW for which the Self Supply Exemption is requested; or (ii) a fully executed contract between a Self Supply Applicant that is a proposed new or existing UDR project and a Self Supply LSE (or LSEs if more than one Self Supply LSE,) that is joining it in requesting the exemption, pursuant to which the Self Supply LSE(s) will have all rights to the UDRs and the use of the facility, for a minimum of 10 years, in the amount greater than or equal to the CRIS MW for which the Self Supply Exemption is requested.

(c) The Self Supply Applicant's request for a Self Supply Exemption must specify the total quantity of CRIS MW for which it is requesting a Self Supply Exemption, and such quantity shall not exceed the MW of CRIS requested by it in the Class Year, or the quantity of the transferred CRIS rights at the same location it expects to receive. If there is more than one Self Supply LSE associated with the request for a Self Supply Exemption received from an SSE Applicant then: (i) the request shall identify the quantity of MW associated with each Self Supply LSE, and (ii) the total quantity of MW associated with the Self Supply LSEs shall not exceed the total MW for which the SSE Applicant requests a Self Supply Exemption. (d) All Certification and Acknowledgement(s) required by Section 23.4.5.7.14.2 must be received at the same time as the request for a Self Supply Exemption, in accordance with ISO Procedures, along with other data and information requested by the ISO.

23.4.5.7.14.1.2 The lesser of (i) the quantity of CRIS MW for which the Self Supply Exemption was requested and (ii) the quantity determined in accordance with Section 23.4.5.7.14.3 shall be exempt from an Offer Floor if the SSE Applicant is a member of the Class Year at the time of its completion and the ISO determines that the request satisfies all of the following requirements:

(a) The proposed Generator or UDR project terminus will be, or the existing Generator or UDR project terminus is, electrically located in the same Mitigated Capacity Zone in which the Self-Supply LSE has Projected ICAP Requirements (as such term is defined in Section 23.4.5.7.14.1.3),

(b) The SSE Applicant and the Developer are not and will not be owned, in whole or in part, by an LSE or an Affiliate of an LSE unless such entity is a Self Supply LSE.

(c) The SSE Applicant provides the completed Certification and Acknowledgement form set forth in Section 23.4.5.7.14.2.1 or 23.4.5.7.14.2.3, as applicable to it and its request for a Self Supply Exemption, and satisfies each requirement stated therein. If the SSE Applicant is not the wholly owned property of the Self Supply LSE(s), or the wholly owned property of an entity that is either wholly owned by the Self Supply LSE(s), or that wholly owns the Self Supply LSE(s), then both the SSE Applicant and the Self Supply LSE(s) provide the applicable completed Certification and Acknowledgement form set forth in Section 23.4.5.7.14.2 and satisfy each requirement stated therein. The ISO must receive the required completed Certification and Acknowledgement forms, in accordance with ISO Procedures, (i) if the SSE Applicant is a member of Class Year 2015 and its

request is received on or before April 28, 2016, (ii) no later than the deadline by which the SSE Applicant must notify the ISO of its election to enter the Class Year, such date as set forth in Section 25.5.9 of OATT Attachment S, or (iii) if the Self Supply LSE is an expected recipient of transferred CRIS rights at the same location that will be effective on a date within the Mitigation Study Period for the Class Year, no later than the Class Year Start Date of such Class Year. All other information requested by the ISO must also be timely received.

(d) The ISO determines that the Self Supply LSE satisfies both the Net Short Threshold set forth in Section 23.4.5.7.14.3.1 and the Net Long Threshold set forth in Section 23.4.5.7.14.3.2 for a specified quantity of CRIS MW.

(e) The SSE Applicant certifies that it does not have any contract, agreement, arrangement, or relationship (for purposes of this Section 23.4.5.7.14.1.2(e), and the Certification and Acknowledgment in Section 23.4.5.7.14.2, a "contract") for any material (in whole or in aggregate) payments, concessions, rebates, or subsidies, connected to or contingent on the SSE Applicant's: (i) construction or operation, except as expressly permitted in Subsection (A) or (B) of this Section, or (ii) clearing in the ISO's Installed Capacity market except as expressly permitted in Subsection (B).

(A) An SSE Applicant will not be ineligible for a Self Supply Exemption if it has an executed contract, is associated with a contract, or there is a contract associated with it, that is listed in (I) through (VIII) of this Section that provides for a material payment, concession, rebate or subsidy, and either (i) is not irregular or

anomalous, and only reflects arms-length transactions, or (ii) is consistent with the overall objectives of the Self Supply Exemption.

Listed contracts:

(I) an Interconnection Agreement;

(II) an agreement for the construction or use of interconnection facilities or transmission or distribution facilities, or directly connected joint use transmission or distribution facilities (including contracts required for compliance with Articles VII or 10 of the New York State Public Service Law or orders issued pursuant to Articles VII or 10);

(III) a grant of permission by any department, agency, instrumentality, or political subdivision of New York State to bury, lay, erect or construct wires, cables or other conductors, with the necessary poles, pipes or other fixtures in, on, over or under public property;

(IV) a contract for the sale or lease of real property at or above fair market value as of the date of the agreement was executed, such value demonstrated by an independent appraisal at the time of execution prepared by an accountant or appraiser with specific experience in such valuations;

(V) an easement or license to use real property;

(VI) a contract, with any department, agency, instrumentality, or political subdivision of New York State providing for a payment-in-lieu of taxes (*i.e.*, a "PILOT" agreement) or industrial or commercial siting incentives, such as tax abatements or financing incentives, provided the PILOT agreement or incentives are generally available to industrial or commercial entities;

(VII) a service agreement for natural gas entered into under a tariff accepted by a regulatory body with jurisdiction over that service; or

(VIII) a service agreement entered into under a tariff accepted by a regulatory body with jurisdiction over that service at a regulated rate for electric Station Power, or steam service, excluding an agreement for a rate that is a negotiated rate pursuant to any such regulated electric, or steam tariff.

(B) An SSE Applicant that requests a Self Supply Exemption with only one Self Supply LSE will not be ineligible for a Self Supply Exemption if the contract(s) that otherwise would render it ineligible under any clause of Section 23.4.5.7.14.2 is (or are) with its Self Supply LSE.

(C) Contract Review Opportunity

(i) (1) A proposed new Generator or UDR project or an existing Generator or UDR project for Additional CRIS that is reasonably expected to be eligible to enter the immediately following Class Year or be the recipient of transferred CRIS rights at the same location on a date within the Mitigation Study Period of such Class Year, and that in connection with its own Load or for the Load of one or more Self Supply LSE(s) is planning on requesting a Self Supply Exemption; (2) an SSE Applicant that is in a Class Year that is not completed (in accordance with Section 25.5.9 of the OATT; or (3) an SSE Applicant that received a Self Supply Exemption, may request that the ISO inform it whether, in the ISO's view, any specific executed contract, unexecuted but substantially developed contract, or any pending request that if approved, granted, or otherwise conferred, would constitute a contract pursuant to Subsection 23.4.5.7.14.1.2

(e)(i) and (e)(ii) would make it ineligible to obtain or (if previously granted) retain a Self Supply Exemption. Any such request must satisfy all of the following requirements:

(a) The SSE Applicant (unless it is for its own Load) must make any such request jointly with any Self Supply LSE(s) with which it has executed or has an unexecuted but substantially developed Long Term Contract. Any such Self Supply LSE(s) must make any such request jointly with the SSE Applicant, or proposed new or existing Generator or UDR project, with which it would seek, or has sought, a Self Supply Exemption.

(b) As part of the submission of the request for a determination pursuant to Subsection (a) of this Section, the SSE Applicant, or proposed new or existing Generator or UDR project, and any relevant Self Supply LSE(s) as applicable, must provide the ISO with all information regarding the contract or pending request regarding which it is requesting the ISO's view, and if the request is made jointly with a Self Supply LSE, the executed or unexecuted and substantially developed Long Term Contract that would form the basis of a Self Supply Exemption Request, including copies of original documentation. In addition and at the time of the submission of the request, the SSE Applicant, or proposed new or existing Generator or UDR project, and any relevant Self Supply LSE shall also provide any other information identified by the ISO in accordance with ISO Procedures. They also must timely provide any further information that is requested by the ISO.

(c) Such requests can only be submitted to the ISO on or after the date established by the ISO in accordance with ISO Procedures, such date to be at least 60 days prior to the date that the ISO anticipates will be the deadline by which facilities must notify the ISO of their election to enter a Class Year (such Class Year deadline pursuant to Section 25.5.9 of OATT Attachment S.)

(ii) Provided that the ISO has timely received all of the information it needs to make a determination, the ISO shall state its view in response to such requests within 60 days.

(iii) When evaluating any such request, the ISO shall consult with the Market Monitoring Unit. (The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.12 of Attachment O to this Services Tariff.)

23.4.5.7.14.2 Certifications and Acknowledgements

23.4.5.7.14.2.1 An SSE Applicant that is not the wholly owned property of the Self Supply LSE(s), or the wholly owned property of an entity that is either wholly owned by the Self Supply LSE(s), or that wholly owns the Self Supply LSE(s), and that is requesting a Self Supply Exemption shall submit the following completed Certification and Acknowledgment form. The submission must be received by the ISO by the deadline pursuant to Section 23.4.5.7.14.1.2(c), and thereafter upon the request of the ISO, in accordance with ISO Procedures. The Self Supply Applicant shall be legally bound by the Certification and Acknowledgement form which must be executed by a duly authorized officer:

CERTIFICATION AND ACKNOWLEDGMENT

I [NAME & TITLE] hereby certify on behalf of myself, [NAME OF PROJECT], and [NAME OF DEVELOPER] that each of the following statements is true and correct:

1. I am an officer whose responsibilities include the development of the [EXAMINED FACILITY OR NCZ EXAMINED PROJECT, New York Independent System Operator, Inc.'s ("NYISO") Interconnection queue position Number [INSERT NUMBER] (the "Project").

2. I am duly authorized to make representations concerning the Project, including each of the certifications and acknowledgements that I have made in this document.

3. I hereby [REQUEST ON BEHALF OF] the Developer, a Self Supply Exemption for [MW REQUESTED FOR THE SELF SUPPLY EXEMPTION] for the Project in connection with [LOAD SERVING ENTITY THAT IS THE SELF SUPPLY LSE].

4. I have reviewed and I understand the requirements established under the NYISO Market Administration and Control Area Services Tariff ("Services Tariff") related to a "Self Supply Exemption" pursuant to Section 23.4.5.7.14.

5. I have personal knowledge of the facts and circumstances supporting the Project's request and eligibility for a Self Supply Exemption as of the date of this Certification and Acknowledgment, including all data and other information submitted by the Project to the NYISO.

6. [NAME OF DEVELOPER] is not owned in whole or in part by, and is not an Affiliate (as Affiliate is defined in Section 2.1 of the Services Tariff) of, a Load Serving Entity [OTHER THAN THE LOAD SERVING ENTITY THAT IS THE SELF SUPPLY LSE].

7. [NAME OF PROJECT] has a Long Term Contract (as such term is defined in Services Tariff Section23.4.5.7.14.1.1 (b)(1)) with the Self Supply LSE[s], that is [are] the subject of the request for a Self Supply Exemption.

8. To the best of my knowledge and having conducted due diligence that is current as of the date of this Certification there is no contract, arrangement, arrangement, or relationship (for purposes of Section 23.4.5.7.14. 2(e) of the Services Tariff, and this Certification and Acknowledgment, a "contract") for any material (in whole or in aggregate) payments, concessions, rebates or subsidies connected to or contingent on the [PROJECT's]: (i) construction or operation, except as expressly permitted in Subsection (A) or (B) of Section 23.4.5.7.14.1. 2(e) of the Services Tariff, or (ii) clearing in the NYISO's Installed Capacity market except as expressly permitted in Subsection (B) of Section 23.4.5.7.14. 1.2(e).

9. I have listed in Schedule 1 to this Certification all contracts that involve payments, concessions, rebates, or subsidies connected to or contingent upon the [PROJECT'S] construction or operation that are not material or that are otherwise expressly permissible under Subsection (A) or (B) of Section 23.4.5.7.14.1.2(e).

10. The Project shall provide any information or cooperation requested by the NYISO in connection with the Project's request for a Self Supply Exemption.

I hereby acknowledge on behalf of myself, [INSERT NAME OF PROJECT], and [NAME OF DEVELOPER] that:

a. The submission of false, misleading, or inaccurate information, or the failure to submit information requested by the NYISO related to the Project's request for a Self Supply Exemption, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the Project, shall constitute a violation of Section 4.1.7 of the Services Tariff, and subject to the Commission's review, a violation of the Commission's regulations and Section 316A of the Federal Power Act.

b. If the Project submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the Project, it shall cease to be eligible for a Self Supply Exemption and, if the Project has already received a Self Supply Exemption, that exemption shall be subject to revocation by the NYISO or the Commission after which the Project shall be subject to an Offer Floor set at the Mitigation Net CONE Offer Floor (such value calculated based on the date it first Offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff,) starting with the next following deadline for Unforced Capacity certification prior to an ICAP Spot Market Auction subsequent to the date of revocation (such date in accordance with ISO Procedures) pursuant to Section 23.4.5.7.9.5 of the Services Tariff.

c. If the Project submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to information contained or submitted in the Certification and Acknowledgement on behalf of the Project, it may be subject to civil penalties that may be imposed by the Commission for violations of Section 4.1.7 of Services Tariff, the Commission's rules, and/or Section 316A of the Federal Power Act.

_____

[PRINT NAME]
[DATE]

Subscribed and sworn to before me
this [ ] day of [MONTH] [YEAR].

_____
Notary Public

My commission expires: _____

23.4.5.7.14.2.2 A Self Supply LSE that has a Long Term Contract (as such term is defined in Section 23.4.5.14.1(b)(1)) with an SSE Applicant shall submit to the ISO the following completed Certification and Acknowledgement Form as part of the SSE Applicant's request for a Self Supply Exemption and thereafter upon the request of the ISO, in accordance with ISO Procedures. The Self Supply LSE shall be legally bound by the completed Certification and Acknowledgement form which must be executed by a duly authorized officer:

CERTIFICATION AND ACKNOWLEDGMENT

I [NAME & TITLE] hereby certify on behalf of myself and [NAME OF SELF SUPPLY LSE] (the "LSE") that each of the following statements is true and correct:

1. I am an officer whose responsibilities include overseeing the capacity supply portfolio and obligations, and addressing Load requirements of the [LSE], and LSE's Long Term Contract (as such term is defined in Services Tariff Section23.4.5.7.14.1.1 (b)(1))with [EXAMINED FACILITY or NCZ EXAMINED PROJECT], New York Independent System Operator, Inc.'s ("NYISO") Interconnection queue position Number [INSERT NUMBER] (the "Project").

2. I am duly authorized to make representations concerning the capacity supply portfolio, and obligations, Load requirements of [the LSE], and LSE's Long Term Contract with the Project (the "Subject Long Term Contract"), including each of the certifications and acknowledgements that I have made in this document**.**

3. I hereby [REQUEST ON BEHALF OF] the LSE, a Self Supply Exemption for [MW REQUESTED FOR THE SELF SUPPLY EXEMPTION] for the Project associated with the Subject Long Term Contract.

4. I have reviewed and I understand the requirements established under the NYISO Market Administration and Control Area Services Tariff ("Services Tariff") related to a "Self Supply Exemption" pursuant to Section 23.4.5.7.14.

5. I have personal knowledge of the facts and circumstances supporting the Subject Long Term Contract and LSE's Load Obligations and supply obligations related to the Project's request and eligibility for a Self Supply Exemption as of the date of this Certification and Acknowledgment, including all data and other information submitted by LSE to the NYISO.

6. The LSE is a Self Supply LSE [INSERT SUBSECTION OF DEFINITION BY WHICH THE LSE MEETS THE REQUIREMENTS OF THAT TERM] of that term.

7. [NAME OF DEVELOPER] [is // is not] owned in part by, and [is // is not] an Affiliate (as Affiliate is defined in Section 2.1 of the Services Tariff) of, LSE. Appendix A to this Certification and Acknowledgement fully and completely sets forth and describes the organizational relationship between or among LSE, Developer and the Project, or any Affiliate of the foregoing entities in relation to the project; and any ownership or investment interest of LSE, Developer, and the Project, in either of the other entities, or any of the Affiliates thereof in relation to the Project.

8. [NAME OF PROJECT] and LSE are parties to the Subject Long Term Contract.

9. To the best of my knowledge and having conducted due diligence that is current as of the date of this Certification there are no arrangements for any payments or subsidies, that are directly or indirectly tied to the Unforced Capacity from the Project clearing in the NYISO's Installed Capacity market other than those between the [NAME OF DEVELOPER],[PROJECT] and [SELF SUPPLY LSE] that is provided to the ISO with this Certification and Acknowledgement [and other than agreements between [NAME OF DEVELOPER], [PROJECT] and [NAME OF OTHER SELF SUPPLY LSE(S) ASSOCIATED WITH THE SELF SUPPLY APPLICANT'S REQUEST FOR A SELF SUPPLY EXEMPTION].

10. I have listed in Schedule 1 to this Certification all contracts that involve payments, concessions, rebates, or subsidies connected to or contingent upon the [PROJECT'S] construction or operation that are not material or that are otherwise expressly permissible under Subsection (A) or (B) of Section 23.4.5.7.14.1.2(e).

11. LSE shall provide any information or cooperation requested by the NYISO in connection with the LSE and the Project's request for a Self Supply Exemption.

I hereby acknowledge on behalf of myself and LSE that:

a. The submission of false, misleading, or inaccurate information, or the failure to submit information requested by the NYISO related to the LSE's and the Project's request for a Self Supply Exemption, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the Project, shall constitute a violation of Section 4.1.7 of the Services Tariff, and subject to the Commission's review, a violation of the Commission's regulations and Section 316A of the Federal Power Act.

b. If the LSE or the Project submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the LSE, the Project shall cease to be eligible for a Self Supply Exemption in respect of Subject Long Term Contract and, if the Project has already received a Self Supply Exemption, that exemption shall be subject to revocation by the NYISO or the Commission after which the Project shall be subject to an Offer Floor set at the Mitigation Net CONE Offer Floor (such value calculated based on the date it first Offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff,) starting with the next following deadline for Unforced Capacity certification prior to an ICAP Spot Market Auction subsequent to the date of revocation (such date in accordance with ISO Procedures) pursuant to Section 23.4.5.7.9.5 of the Services Tariff.

c. If the LSE submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to information contained or submitted in the Certification and Acknowledgement on behalf of the Project, it may be subject to civil penalties that may be imposed by the Commission for violations of Section 4.1.7 of Services Tariff, the Commission's rules, and/or Section 316A of the Federal Power Act.

_____

[PRINT NAME]
[DATE]

Subscribed and sworn to before me
this [ ] day of [MONTH] [YEAR].

_____

Notary Public

My commission expires: _____

23.4.5.7.14.2.3 An SSE Applicant that is the wholly owned property of the Self Supply LSE, or the wholly owned property of an entity that is either wholly owned by the Self Supply LSE, or that wholly owns the Self Supply LSE, and that is requesting a Self Supply Exemption shall submit the following completed Certification and Acknowledgment Form. The submission must be received by the ISO by the deadline pursuant to Section 23.4.5.7.14.1.2(c), and thereafter upon the request of the ISO, in accordance with ISO Procedures. The Self Supply Applicant shall be legally bound by the following Certification and Acknowledgement form which must be executed by a duly authorized officer:

CERTIFICATION AND ACKNOWLEDGMENT

I [NAME & TITLE] hereby certify on behalf of myself, [NAME OF PROJECT], and [NAME OF DEVELOPER/LSE] that each of the following statements is true and correct:

1. I am an officer whose responsibilities include; (i) the development of the [EXAMINED FACILITY or NCZ EXAMINED PROJECT], New York Independent System Operator, Inc.'s ("NYISO") Interconnection queue position Number [INSERT NUMBER] (the "Project"); and (ii) overseeing the capacity supply portfolio and obligations, and addressing Load Obligations of the Self Supply LSE and its obligations to serve retail customers.

2. I am duly authorized to make representations concerning the Project and the capacity supply portfolio, and obligations, Load requirements of [the DEVELOPER/LSE], including, if applicable the Long Term Contract between the Project and any entity performing the Self Supply LSE function (the "Subject Long Term Contract"), and also including each of the certifications and acknowledgements that I have made in this document.

3. I hereby [REQUEST ON BEHALF OF] the [DEVELOPER/LSE], a Self Supply Exemption for [MW REQUESTED FOR THE SELF SUPPLY EXEMPTION] for the Project associated with [DEVELOPER/LSE'S] self supply arrangements, including, if applicable, any Subject Long Term Contract.

4. I have reviewed and I understand the requirements established under the NYISO Market Administration and Control Area Services Tariff ("Services Tariff") related to a "Self Supply Exemption" pursuant to Section 23.4.5.7.14.

5. I have personal knowledge of the facts and circumstances supporting: (i) the Project's request and eligibility for a Self Supply Exemption; and (ii) the Load Obligations and supply obligations related to the Project's request and eligibility for a Self Supply Exemption, as of the date of this Certification and Acknowledgment, including all data and other information submitted by the Project and by [DEVELOPER/LSE] to the NYISO.

6. The LSE is a Self Supply LSE pursuant to Section [INSERT SUBSECTION OF DEFINITION BY WHICH THE LSE MEETS THE REQUIREMENTS OF THAT TERM] of that term.

7. [NAME OF DEVELOPER/LSE] is not owned in whole or in part by, and is not an Affiliate (as Affiliate is defined in Section 2.1 of the Services Tariff) of, any other Load Serving Entity. Appendix A to this Certification and Acknowledgement fully and completely sets forth and describes the organizational relationship between [DEVELOPER/LSE's] Self Supply LSE and Developer functions or affiliates and the Project.

8. To the best of my knowledge and having conducted due diligence that is current as of the date of this Certification there is not any contract, agreement, arrangement, or relationship (for purposes of Section 23.4.5.7.14.1. 2(e), and this Certification and Acknowledgment, a "contract") for any material (in whole or in aggregate) payments, concessions, rebates, or subsidies, connected to or contingent on the [PROJECT's]: (i) construction or operation, except as expressly permitted in Subsection (A) or (B) of Section 23.4.5.7.14.1.2(e) of the Services

Tariff, or (ii) clearing in the NYISO's ICAP market except as expressly permitted in Subsection (B) of Section 23.4.5.7.14.1.2(e).

9. I have listed in Schedule 1 to this Certification all contracts that involve payments, concessions, rebates, or subsidies connected to or contingent upon the [PROJECT'S] construction or operation that are not material or that are otherwise expressly permissible under Subsection (A) or (B) of Section 23.4.5.7.14.1.2(e).

10. The Project and [DEVELOPER/LSE] shall provide any information or cooperation requested by the NYISO in connection with the Project's request for a Self Supply Exemption.

I hereby acknowledge on behalf of myself, [INSERT NAME OF PROJECT], and [NAME OF DEVELOPER/LSE] that:

a. The submission of false, misleading, or inaccurate information, or the failure to submit information requested by the NYISO related to the Project's and [DEVELOPER/LSE's] request for a Self Supply Exemption, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the Project, shall constitute a violation of Section 4.1.7 of the Services Tariff, and subject to the Commission's review, a violation of the Commission's regulations and Section 316A of the Federal Power Act.

b. If the DEVELOPER/LSE or the Project submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the Project, it shall cease to be eligible for a Self Supply Exemption and, if the Project has already received a Self Supply Exemption, that exemption shall be subject to revocation by the NYISO or the Commission after which the Project shall be subject to an Offer Floor set at the Mitigation Net CONE Offer Floor (such value calculated based on the date it first Offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff,) starting with the next following deadline for Unforced Capacity certification prior to an ICAP Spot Market Auction subsequent to the date of revocation (such date in accordance with ISO Procedures) pursuant to Section 23.4.5.7.9.5 of the Services Tariff.

c. If the DEVELOPER/LSE or the Project submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to information contained or submitted in the Certification and Acknowledgement on behalf of the Project, it may be subject to civil penalties that may be imposed by the Commission for violations of Section 4.1.7 of Services Tariff, the Commission's rules, and/or Section 316A of the Federal Power Act.

_____

[PRINT NAME]
[DATE]

Subscribed and sworn to before me
this [ ] day of [MONTH] [YEAR].

_____

Notary Public

My commission expires: _____

23.4.5.7.14.3 Net Short Threshold and Net Long Threshold

For the purposes of Section 23.4.5.7.14.3, "SSE Evaluated ICAP" shall mean the quantity of MW of CRIS for which a Self Supply Exemption is requested by an individual Self Supply LSE (or by an SSE Applicant in respect of its own Load) in accordance with Section 23.4.5.7.14.1.1(c), unless reduced as follows: If (i) following a notice that an additional System Deliverability Upgrade study(ies) will be conducted in accordance with Section 25.7.7.1 of the OATT, an SSE Applicant elects to keep its CRIS request but with no System Deliverability Upgrade identified to make the project fully deliverable (as provided for in Section 25.7.7.1(3),) and (ii) the total quantity of MW of CRIS for which the Self Supply Exemption is requested exceeds the total amount of Deliverable MW, as specified in the next Class Year Interconnection

Facilities Study report, the ISO shall reduce the total quantity of MW of CRIS for which a Self Supply Exemption is requested to the total amount of Deliverable MW identified in such Interconnection Facilities Study Report. If there is more than one LSE associated with the SSE Applicant, the ISO shall reduce the quantity of MW of CRIS for each Self Supply LSE by the ratio of Deliverable MW to the total MW of CRIS for which Self Supply exemptions were initially requested.

The ISO shall compute the Net Short Threshold and Net Long Threshold, and determine whether each is satisfied, based on its computation of each of the values specified in this Section. If there is more than one Self Supply LSE associated with the SSE Applicant's request for a Self Supply Exemption, the MW associated with each Self Supply LSE shall be considered separately.

If the Self Supply LSE or its Affiliates are associated with more than one request for a Self Supply Exemption in the Class Year (including any associated with a transfer of CRIS at the same location,) and the Self Supply LSE and its Affiliates satisfy the Net Long Threshold in a non-zero amount that is greater than the "Cumulative Affiliated Quantity" (as defined in Section 23.4.5.7.14.3,) then remaining in the Class Year, the ISO shall reduce the quantity of MW for which they are eligible to receive a Self Supply Exemption by the ratio of (a) the quantity of MW by which the Self Supply LSE and its Affiliates satisfy the Net Long Threshold, to (b) the Cumulative Affiliated Quantity associated with SSE Applicant(s) then remaining in the Class Year or associated with a transfer of CRIS at the same location (provided the transferee does not notify the ISO, on or before the date the Class Year is completed, that it no longer expects to be the recipient of the transferred CRIS.)

For the purposes of Section 23.4.5.7.14.3, “Projected ICAP Requirements” is the reasonably projected ICAP MW that the Self Supply LSE and all its Affiliates will be required to purchase in each Locality and the NYCA. Such projection shall be based on the Self Supply LSE’s and all its Affiliates’ share(s) of the Locational Minimum Unforced Capacity Requirements and the NYCA Minimum Unforced Capacity Requirement, as applicable and in accordance with ISO Procedures, over the three most recently completed Capability Years preceding the Class Year Start Date. Such projection shall also reflect that ICAP MW purchased in a Locality may be used to meet capacity requirements for each Locality in which they are contained, as well as for the NYCA.

When calculating the Self Supply LSE’s and all its Affiliates’ Projected ICAP Requirements, each of their shares of the Locational Minimum Unforced Capacity Requirements and the NYCA Minimum Unforced Capacity Requirement over these three Capability Years shall be translated to their ICAP MW equivalent(s) using the derating factor that was applied to translate the Installed Capacity Requirement into the Unforced Capacity Requirement in the same Capability Period and Locality, or the NYCA if applicable, in which the purchase was made.

For the purposes of Section 23.4.5.7.14.3, “Excess Award Percentage” is the reasonably projected amount of excess capacity that the Self Supply LSE and all its Affiliates will be required to purchase in each Locality, and the NYCA, expressed as a percentage of its “Projected ICAP Requirements”, Such projection shall be based on the total excess UCAP MW awarded in each ICAP Spot Market Auction, divided by the Locational Minimum Unforced Capacity Requirement, or the NYCA Minimum Unforced Capacity Requirement, for the same Capability

Period and Locality (or the NYCA) in which the award was made, over the three most recent completed Capability Years preceding the Class Year Start Date.

For the purposes of Section 23.4.5.7.14.3, "Capacity Obligations without Entry", calculated for each Locality and the NYCA, is the product of (a) Projected ICAP Requirements and (b) one plus the Excess Award Percentage.

For the purposes of Section 23.4.5.7.14.3, "Capacity Obligations with Entry", calculated for each Locality and the NYCA, is the product of (a) Projected ICAP Requirements and (b) one plus the Excess Award Percentage, adjusted to reflect the projected increase in excess that the Self Supply LSE would be obligated to purchase as a result of the entry of the SSE Applicant.

For the purposes of Section 23.4.5.7.14.3, "Self Supply Capacity" for a given Locality (or the NYCA,) is (a) the full amount of ICAP MW associated with each Generator or UDR project that the Self Supply LSE or any of its Affiliates own directly or indirectly, in at least a 50.01% interest (in the aggregate) as of the Class Year Start Date, or have the power to direct the management or policies of, excluding any whose CRIS MW are projected by the ISO to be expired on or before the date that marks the end of Mitigation Study Period, based on a demonstration by the Self Supply LSE, and (b) the ICAP MW that the Self Supply LSE and all its Affiliates are reasonably projected by the ISO to receive, including ICAP MW which they have a call option to receive, either by way of ownership or under "Existing Long Term Commitments" in that Locality (or the NYCA), and that are associated with a Generator or UDR project that the Self Supply LSE or any of its Affiliates do not own directly or indirectly, at least a 50.01% interest (in the aggregate) as of the Class Year Start Date, and that they do not have the power to direct the management or policies of, excluding those that are associated with any Expected Retirement. For purposes of Self Supply Capacity, "Existing Long Term

Commitments" is the amount of Capacity that the Self Supply LSE or any of its Affiliates are projected by the ISO to receive, including ICAP which they have a call option to receive, under a written agreement (whether stated in ICAP or otherwise,) with a minimum term of ten years, and a minimum of six years remaining thereon on the Class Year Start Date. When calculating the term and remaining term of a written agreement for the purposes of this section, the ISO, using its independent judgment and at its sole discretion, will determine whether to reflect in its calculation any potential extension to the current term of a written agreement that may reasonably result from renewal provisions.

For the purposes of Section 23.4.5.7.14.3, "Additional Self Supply Capacity", for a given Locality (or the NYCA,) is the ICAP MW of a Generator or UDR project that were granted a Self Supply Exemption at the time of the completed Class Year based on the Self Supply LSE or any of its Affiliates' being a Self Supply LSE for such Generator or UDR project, in the 10 year period immediately preceding the Class Year Start Date of the Class Year, in that Locality (or the NYCA), excluding: (i) any ICAP MW that are included in Self Supply Capacity, (ii) any ICAP MW associated with a Generator or UDR project that the Self Supply LSE and any of its Affiliates own directly or indirectly, at least a 50.01% interest(in the aggregate) as of the Class Year Start Date, or have the power to direct the management or policies of, and that the CRIS of which is projected by the ISO to be expired on or before the date that marks the end of Mitigation Study Period, based on a demonstration by the Self Supply LSE; and (iii) any ICAP MW of a Generator or UDR project that neither the Self Supply LSE nor any of its Affiliates own directly or indirectly, at least a 50.01% interest (in the aggregate) as of the Class Year Start Date, or have the power to direct the management or policies of, and that is an Expected Retirement.

23.4.5.7.14.3.1 Net Short Threshold

The Net Short Threshold will be satisfied for the "SSE Evaluated ICAP" if the ISO determines that, summed over all Localities and the NYCA, the Self Supply LSE's and all of its Affiliates' "Total Capacity Costs without Entry" are expected to be less than the Self Supply LSE's and all of its Affiliates' "Total Capacity Costs with Entry".

23.4.5.7.14.3.1.1 The ISO will calculate the estimated "Total Capacity Costs without Entry" as the sum over all Localities, and the NYCA, of the product of (a) the "ICAP Spot Auction Price without Entry" and (b) the "Capacity Exposed to Market Prices without Entry".

(a) "ICAP Spot Market Auction Price without Entry" shall be based on the ICAP Spot Market Auction prices for each Locality and the NYCA, averaged over the three most recently completed Capability Years preceding the Class Year Start Date.

(b) "Capacity Exposed to Market Prices without Entry" is calculated for each Locality and the NYCA as:

"Capacity Obligations without Entry" for each Locality and the NYCA, translated from ICAP MW into UCAP MW using the average derating factor for each Locality and the NYCA corresponding to the ICAP Spot Market Auctions used to determine the ICAP Spot Market Auction Price without Entry;

minus

"Self Supply Capacity" for each Locality and the NYCA, translated from ICAP MW into UCAP MW using a derating factor, as determined by the ISO, that is reasonably

anticipated to be associated with ICAP Suppliers included in this Self Supply Capacity;

minus

"Additional Self Supply Capacity" for each Locality and the NYCA, translated from ICAP MW into UCAP MW using a derating factor, as determined by the ISO, that is reasonably anticipated to be associated with ICAP Suppliers included in this Additional Self Supply Capacity;

23.4.5.7.14.3.1.2 The ISO will calculate "Total Capacity Costs with Entry" as the sum of "Proportional Entry Costs" and the sum over all Localities, and the NYCA, of the product of (a) "ICAP Spot Market Auction Price With Entry" and (b) "Capacity Exposed to Market Prices With Entry".

"Proportional Entry Costs" is the percentage of the Unit Net CONE (expressed in dollars) of the SSE Applicant (calculated in accordance with Section 23.4.5.7.3 if an Examined Facility, or in accordance with Section 23.4.5.7.2.1 if an NCZ Examined Project, or in accordance with Section 23.4.5.7.6.1 if Additional CRIS MW) that is equal to the SSE Evaluated ICAP divided by the total MW of CRIS requested by the SSE Applicant in the Class Year.

(a) The "ICAP Spot Market Auction Price with Entry" shall be based on the ICAP Spot Market Auction prices calculated for each Locality and the NYCA, averaged over the three most recently completed Capability Years preceding the Class Year Start Date, and adjusted to reflect the entry of the SSE Applicant.

(b) the "Capacity Exposed to Market Prices with Entry" is calculated for each Locality and the NYCA as:

"Capacity Obligations with Entry" for each Locality and the NYCA, translated from ICAP MW into UCAP MW using the average derating factor for each Locality and the NYCA corresponding to the ICAP Spot Market Auctions used to determine the ICAP Spot Market Auction Price with Entry;

minus

"Self Supply Capacity" for each Locality and the NYCA, translated from ICAP MW into UCAP MW using a derating factor, as determined by the ISO, that is reasonably anticipated to be associated with ICAP Suppliers included in this Self Supply Capacity;

minus

"Additional Self Supply Capacity" for each Locality and the NYCA, translated from ICAP MW into UCAP MW using a derating factor, as determined by the ISO, that is reasonably anticipated to be associated with ICAP Suppliers included in this Additional Self Supply Capacity;

minus

"SSE Evaluated ICAP", translated from ICAP MW into UCAP MW using a derating factor, as determined by the ISO that is reasonably anticipated to be associated with the SSE Applicant.

23.4.5.7.14.3.2 Net Long Threshold

If the Self Supply LSE and any of its Affiliates are associated with more than one Self Supply Exemption Request in the Class Year, the Net Long Threshold determination will be made based on the sum of the Self Supply LSE's and all of its Affiliates' SSE Evaluated ICAP ("Cumulative Affiliated Quantity") prior to the Initial Decision Period. The ISO shall

recalculate the Cumulative Affiliated Quantity prior to the ISO's issuance of a Revised Project Cost Allocation Subsequent Decision Period if any SSE Applicant with which it is associated is no longer in the Class Year.

For each Mitigated Capacity Zone containing the location of the SSE Applicant, the ISO will determine the largest amount of SSE Evaluated ICAP MW that is (a) less than or equal to the sum of the Self Supply LSE's and all of its Affiliates' "SSE Evaluated ICAP" and (b) for which the Self Supply LSE's and all of its Affiliates' "Total Self Supply Capacity" is less than or equal to the "Future Capacity Obligation." The Net Long Threshold will be satisfied for the smallest of these determined amounts of SSE Evaluated ICAP MW, and will be considered not satisfied if the smallest of these amounts is less than or equal to zero.

(i) The "Total Self Supply Capacity" is the sum, in each Mitigated Capacity Zone, of ICAP MW of (A) Self Supply Capacity, (B) Additional Self-Supply Capacity, and (C) the cumulative quantity of the Self Supply LSE's and all of its Affiliates' SSE Evaluated ICAP.

(ii) the "Future Capacity Obligation" is the product of (A) ICAP MW of Capacity Obligations without Entry, and (B) the higher of (x) one plus the "10 year growth rate of peak demand" and (y) one plus one percent. The "10 year growth rate of peak demand" shall be determined based on the longest available NYSO Baseline forecast of non-coincident peak demand for the corresponding Mitigated Capacity Zone found in the "Baseline Forecast of Non-Coincident Peak Demand" table, or its successor in the most current Gold Book, published by the Class Year Start Date of the Class Year, for each Mitigated Capacity Zone.

23.4.5.7.14.4 Timing of Determinations

23.4.5.7.14.4.1 Determinations.

(a) Prior to the Initial Decision Period, the ISO shall determine whether all or a portion of the MW specified in the request for a Self Supply Exemption is eligible for a Self Supply Exemption in accordance with Section 23.4.5.7.14.1.2. If the ISO determines that all or a portion of the CRIS MW for which a Self Supply Exemption was requested is not eligible for a Self Supply Exemption, the ISO shall make a determination in accordance with Section 23.4.5.7.3.2 prior to the commencement of the Initial Decision Period, and prior to the ISO's issuance of a Revised Project Cost Allocation. When evaluating eligibility for a Self Supply Exemption, the ISO shall consult with the Market Monitoring Unit. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.12 of Attachment O to this Services Tariff.

(b) Determinations made pursuant to Section 23.4.5.7.14.4 shall be provided to the SSE Applicant concurrent with the issuance of determinations in accordance with Section 23.4.5.7.3.3, and to an NCZ Examined Project at the time of the ISO's determination pursuant to Section 23.4.5.7.2.1.

(c) The ISO shall post on its web site and concurrently notify the Self Supply LSE of the ISO's determination of exempt, and if exempt the quantity of MW exempted, or non-exempt, from an Offer Floor as soon as the determination is final. Concurrent with the ISO's posting, the Market Monitoring Unit shall publish a report on the ISO's determination, as further specified in Sections 30.4.6.2.12 of Attachment O to this Services Tariff.

23.4.5.7.14.5 Revocation of a Self Supply Exemption

(a) If, at the time prior to the SSE Applicant first producing or transmitting, Energy it or the Self Supply LSE no longer satisfies the requirements of Section 23.4.5.7.14.1(b) or no longer meets the requirements of the Acknowledgement and Certification, the SSE Applicant and the Self Supply LSE shall notify each other and other ISO in writing within 3 business days of the event or basis for the failure to meet the requirements for a Self Supply Exemption. Upon notification, the ISO shall revoke the Self Supply Exemption and apply the Mitigation Net CONE Offer Floor (such value calculated based on the date it first offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of this Services Tariff.)

(b) The failure to provide the ISO written notice in accordance with Section 23.4.5.7.14.5(a) shall constitute a violation of the Services Tariff. Such violation shall be reported by the ISO to the Market Monitoring Unit and to the Commission's Office of Enforcement (or any successor to its responsibilities.)

(c) Where the ISO reasonably believes that a request for a Self Supply Exemption was granted based on (i) false, misleading, or inaccurate information, or (ii) the Self Supply LSE's inclusion within "Self Supply Capacity" (as that term is used in Section 23.4.5.7.14.3) of a Generator or UDR project's capacity that was identified by the Self Supply LSE whose CRIS was projected to expire before the end of the Mitigation Study Period but has not expired on or before the date that marked the end of the Mitigation Study Period, the ISO shall notify the SSE Applicant and the Self Supply LSE that the Self Supply Exemption may be revoked. Provided that 30 days written notice has been given to the SSE

Applicant (such notice to the extent practicable,) the ISO may revoke the Self Supply Exemption and apply the Mitigation Net CONE Offer Floor (such value calculated based on the date the SSE Applicant first offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of this Services Tariff.) Prior to the revocation of a Self Supply Exemption and the submission of a report to the Commission's Office of Enforcement (or any successor to its responsibilities,) the ISO shall provide the SSE Applicant an opportunity to explain any statement, information, or action, and if a statement information or action of the Self Supply LSE, it shall also provide an opportunity to that entity. The ISO cannot revoke the Self Supply Exemption until after the 30 days written notice period has expired, unless ordered to do so by the Commission.

23.4.5 Installed Capacity Market Mitigation Measures

23.4.5.1 If and to the extent that sufficient installed capacity is not under a contractual obligation to be available to serve load in New York and if physical or economic withholding of installed capacity would be likely to result in a material change in the price for installed capacity in all or some portion of New York, the ISO, in consideration of the comments of the Market Parties and other interested parties, shall amend this Attachment H, in accordance with the procedures and requirements for amending the Plan, to implement appropriate mitigation measures for installed capacity markets.

23.4.5.2 Offers to sell Mitigated UCAP in an ICAP Spot Market Auction shall not be higher than the higher of (a) the UCAP Offer Reference Level for the applicable ICAP Spot Market Auction, or (b) the Going-Forward Costs of the Installed Capacity Supplier supplying the Mitigated UCAP. Where an Installed Capacity Supplier is a Pivotal Supplier in some, but not all, Mitigated Capacity Zones in which it has Resources, such Installed Capacity Supplier's offer to sell Mitigated UCAP in any ICAP Spot Market Auction for any Resource for which it is a Pivotal Supplier shall not be higher than the higher of (a) the lowest of the UCAP Offer Reference Levels for each Mitigated Capacity Zone in which such Installed Capacity Supplier has Resources; or (b) if an Offer for a Resource has an applicable Going-Forward Cost, such Going-Forward Cost.

23.4.5.3 An Installed Capacity Supplier's Going-Forward Costs for an ICAP Spot Market Auction shall be determined upon the request of the Responsible Market Party for that Installed Capacity Supplier. The Going-Forward Costs shall be

determined by the ISO after consultation with the Responsible Market Party, provided such consultation is requested by the Responsible Market Party not later than 50 business days prior to the deadline for offers to sell Unforced Capacity in such auction, and provided such request is supported by a submission showing the Installed Capacity Supplier's relevant costs in accordance with specifications provided by the ISO. Such submission shall show (1) the nature, amount and determination of any claimed Going-Forward Cost, and (2) that the cost would be avoided if the Installed Capacity Supplier is taken out of service or retired, as applicable. If the foregoing requirements are met, the ISO shall determine the level of the Installed Capacity Supplier's Going-Forward Costs and shall seasonally adjust such costs not later than 7 days prior to the deadline for submitting offers to sell Unforced Capacity in such auction. A Responsible Market Party shall request an updated determination of an Installed Capacity Supplier's Going-Forward Costs not less often than annually, in the absence of which request the Installed Capacity Supplier's offer cap shall revert to the UCAP Offer Reference Level. An updated determination of Going-Forward Costs may be undertaken by the ISO at any time on its own initiative after consulting with the Responsible Market Party. Any redetermination of an Installed Capacity Supplier's Going-Forward Costs shall conform to the consultation and determination schedule specified in this paragraph. The costs that an Installed Capacity Supplier would avoid as a result of retiring should only be included in its Going-Forward Costs if the owner or operator of that Installed Capacity Supplier

actually plans to mothball or retire it if the Installed Capacity revenues it receives are not sufficient to cover those costs.

23.4.5.4 Mitigated UCAP shall be offered in each ICAP Spot Market Auction in accordance with Section 5.14.1.1 of the ISO Services Tariff and applicable ISO procedures, unless it has been exported to an External Control Area or sold to meet Installed Capacity requirements outside the Mitigated Capacity Zone in which the ICAP Supplier is a Pivotal Supplier is located in a transaction that does not constitute physical withholding under the standards specified below.

23.4.5.4.1 An export to an External Control Area or sale to meet an Installed Capacity requirement outside the Mitigated Capacity Zone in which the ICAP Supplier is a Pivotal Supplier is located of Mitigated UCAP (either of the foregoing being referred to as "External Sale UCAP") may be subject to audit and review by the ISO to assess whether such action constituted physical withholding of UCAP from a Mitigated Capacity Zone. External Sale UCAP shall be deemed to have been physically withheld on the basis of a comparison of the net revenues from UCAP sales that would have been earned by the sale in a Mitigated Capacity Zone of External Sale UCAP. The comparison shall be made for the period for which Installed Capacity is committed (the "Comparison Period") in each of the shortest term organized capacity markets (the "External Reconfiguration Markets") for the area and during the period in which the Mitigated UCAP was exported or sold. External Sale ICAP shall be deemed to have been withheld from a Mitigated Capacity Zone if: (1) the Responsible Market Party for the External Sale UCAP could have made all or a portion of the External Sale UCAP

available to be offered in the Mitigated Capacity Zone by buying out of its external capacity obligation through participation in an External Reconfiguration Market; and (2) the net revenues over the Comparison Period from sale in the Mitigated Capacity Zone of the External Sale UCAP that could have been made available for sale in that Locality would have been greater by 15% or more, provided that the net revenues were at least $2.00/kilowatt-month more than the net UCAP revenues from that portion of the External Sale UCAP over the Comparison Period.

23.4.5.4.2 If Mitigated UCAP is not offered or sold as specified above, the Responsible Market Party for such Installed Capacity Supplier shall pay the ISO an amount equal to the product of (A) 1.5 times the difference between the Market-Clearing Price for the Mitigated Capacity Zone in the ICAP Spot Market Auction with and without the inclusion of the Mitigated UCAP and (B) the total of (1) the amount of Mitigated UCAP not offered or sold as specified above, and (2) all other megawatts of Unforced Capacity in the Mitigated Capacity Zone under common Control with such Mitigated UCAP. If the failure to offer was associated with the same period as the sale of External Sale UCAP, and the failure caused or contributed to an increase in UCAP prices in the Mitigated Capacity Zone of 15 percent or more, provided such increase is at least $2.00/kilowatt-month, the Responsible Market Party for such Installed Capacity Supplier shall be required to pay to the ISO an amount equal to 1.5 times the lesser of (A) the difference between the average Market-Clearing Price for the Mitigated Capacity Zone in the ICAP Spot Market Auctions for the relevant Comparison Period with

and without the inclusion of the External Sale UCAP in those auctions, or (B) the difference between such average price and the clearing price in the External Reconfiguration Market for the relevant Comparison Period, times the total of (1) the amount of Mitigated UCAP not offered or sold as specified above, and (2) all other megawatts of Unforced Capacity in the Mitigated Capacity Zone under common Control with such Mitigated UCAP. The ISO will distribute any amounts recovered in accordance with the foregoing provisions among the LSEs serving Loads in regions affected by the withholding in accordance with ISO Procedures.

23.4.5.4.3 Reasonably in advance of the deadline for submitting offers in an External Reconfiguration Market the Responsible Market Party for External Sale UCAP may request the ISO to provide a projection of ICAP Spot Auction clearing prices for the Mitigated Capacity Zone over the Comparison Period for the External Reconfiguration Market. Such requests, and the ISO's response, shall be made in accordance with the deadlines specified in ISO Procedures. Prior to completing its projection of ICAP Spot Auction clearing prices for the Mitigated Capacity Zone over the Comparison Period for the External Reconfiguration Market, the ISO shall consult with the Market Monitoring Unit regarding such price projection. The Responsible Market Party shall be exempt from a physical withholding penalty as specified in Section 23.4.5.4.2, below, if at the time of the deadline for submitting offers in an External Reconfiguration Market its offers, if accepted, would reasonably be expected to produce net revenues from External UCAP Sales that would exceed the net revenues that would have been realized

from sale of the External UCAP Sales capacity in the Mitigated Capacity Zone at the ICAP Spot Auction prices projected by the ISO. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.8 of Attachment O to this Services Tariff.

23.4.5.5 Control of Unforced Capacity shall be rebuttably presumed from (i) ownership of an Installed Capacity Supplier, or (ii) status as the Responsible Market Party for an Installed Capacity Supplier, but may also be determined on the basis of other evidence. For purposes of determining if a Responsible Market Party is a Pivotal Supplier in a Mitigated Capacity Zone except the G-J Locality, the presumption of Control of Unforced Capacity can be rebutted by: (1) the sale of Unforced Capacity in a Capability Period Auction or a Monthly Auction, or (2) demonstrating to the reasonable satisfaction of the ISO that the ability to determine the price and quantity of offers to supply Unforced Capacity has been conveyed to a person or entity that is not an Affiliated Entity without limitation or condition. For purposes of determining if a Responsible Market Party is a Pivotal Supplier in the G-J Locality, the presumption of Control of Unforced Capacity can be rebutted by demonstrating to the reasonable satisfaction of the ISO that the ability to determine the price and quantity of offers to supply Unforced Capacity has been conveyed to a person or entity that is not an Affiliated Entity without limitation or condition, but cannot be rebutted by the sale of Unforced Capacity in a Capability Period or Monthly Auction. For any Mitigated Capacity Zone, if the presumption has not been rebutted, and if two or more Market Parties each have

rights or obligations with respect to Unforced Capacity from an Installed Capacity Supplier that could reasonably be anticipated to affect the quantity or price of Unforced Capacity transactions in an ICAP Spot Market Auction, the ISO may attribute Control of the affected MW of Unforced Capacity from the Installed Capacity Supplier to each such Market Party. Prior to reaching its decision regarding whether the presumption of control of Unforced Capacity has been rebutted, the ISO shall provide its preliminary determination to the Market Monitoring Unit for review and comment. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.9 of Attachment O to this Services Tariff.

23.4.5.6 Audit, Review, and Penalties for Physical Withholding to Increase Market-Clearing Prices

23.4.5.6.1 Audit and Review of Proposals or Decisions to Remove or Derate Installed Capacity from a Mitigated Capacity Zone

Any proposal or decision by a Market Participant to retire or otherwise remove an Installed Capacity Supplier from a Mitigated Capacity Zone Unforced Capacity market, or to de-rate the amount of Installed Capacity available from such supplier, may be subject to audit and review by the ISO if the ISO determines that such action could reasonably be expected to affect Market-Clearing Prices in one or more ICAP Spot Market Auctions for a Mitigated Capacity Zone in which the Resource(s) that is the subject of the proposal or decision is located, subsequent to such action; provided, however, no audit and review shall be necessary if the Installed Capacity Supplier is a Generator that is being retired or removed from a Mitigated Capacity Zone as the result of a Forced Outage that began on or after May 1, 2015 that was determined by the ISO to be a Catastrophic Failure. Such an audit or review shall assess whether

the proposal or decision has a legitimate economic justification or is based on an effort to withhold Installed Capacity physically in order to affect prices. The ISO shall provide the preliminary results of its audit or review to the Market Monitoring Unit for its review and comment. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.10 of Attachment O to this Services Tariff.

23.4.5.6.2 Audit and Review of the Reclassification of a Generator in a Mitigated Capacity Zone From a Forced Outage to an ICAP Ineligible Forced Outage

This Section 23.4.5.6.2 shall apply to a Market Party whose Installed Capacity Supplier is a Generator that began a Forced Outage on or after May 1, 2015.

23.4.5.6.2.1 Any reclassification of an Installed Capacity Supplier that is a Generator in a Mitigated Capacity Zone from a Forced Outage to an ICAP Ineligible Forced Outage by a Market Party or otherwise, pursuant to the terms of Section 5.18.2.1 of this Services Tariff, may be subject to audit and review by the ISO if the ISO determines that such reclassification could reasonably be expected to affect the Market-Clearing Price in one or more ICAP Spot Market Auctions for a Mitigated Capacity Zone in which the Generator(s) that is the subject of the reclassification is located, subsequent to such action; provided, however, if the Market Party's Generator experienced the Forced Outage as a result of a Catastrophic Failure, the reclassification of a Generator in a Mitigated Capacity Zone from a Forced Outage to an ICAP Ineligible Forced Outage shall not be subject to audit and review pursuant to this Section 23.4.5.6.2.

The audit and review pursuant to the above paragraph shall assess whether the reclassification of the Generator in a Mitigated Capacity Zone from a Forced Outage to an ICAP Ineligible Forced Outage had a legitimate economic justification or is based on an effort to withhold Installed Capacity physically in order to affect prices.

The ISO shall provide the preliminary results of its audit or review to the Market Monitoring Unit for its review and comment. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.10 of Attachment O.

23.4.5.6.2.2 The audit and review pursuant to Section 23.4.5.6.2.1 shall be deferred by the ISO beyond the time period established in ISO Procedures for the audit and review of a reclassification of a Generator from a Forced Outage to an ICAP Ineligible Forced Outage if the Generator was in a Forced Outage for at least 180 days before the reclassification and one or more Exceptional Circumstances delayed the acquisition of data necessary for the ISO's audit and review.

The ISO shall conduct the audit and review after its receipt of data that it determines is necessary for the audit and review; provided, however, if, at the time the ISO acquires the necessary data, the Market Party has Commenced Repair of the Generator, or the Generator is determined by the ISO to have had a Catastrophic Failure, the Market Party shall not be subject to an audit and review pursuant to Section 23.4.5.6.2.1 of this Services Tariff. A Generator that Commenced Repair while in an ICAP Ineligible Forced Outage but that ceased or

unreasonably delayed that repair shall be subject to audit and review by the ISO pursuant to Section 23.4.5.6.2.1 of this Services Tariff.

The ISO shall provide the preliminary results of its audit or review to the Market Monitoring Unit for its review and comment. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.10 of Attachment O to this Services Tariff.

23.4.5.6.2.3 The audit and review of the removal of a Generator from a Forced Outage to an ICAP Ineligible Forced Outage, and the determinations of Catastrophic Failure and Exceptional Circumstances, will be pursuant to specific timelines established in ISO Procedures.

23.4.5.6.2.4 The audit and review pursuant to Sections 23.4.5.6.2.1, and 23.4.5.6.2.2 shall be conducted to determine whether the decision not to repair a Generator had a legitimate economic justification, consistent with competitive behavior; that is, whether the cost of repair, including the risk-adjusted cost of capital, could not reasonably be expected to be recouped over the reasonably anticipated remaining life of the generator. The elements of such audit and review may include, as appropriate, the historical revenue and maintenance cost data for the purpose of the baseline, the duration of the repair, the costs including, but not limited to, capital expenditures necessary to comply with federal or state environmental, safety or reliability requirements that must be met in order to operate the Generator, the anticipated capacity, energy and ancillary services revenues following the repair, the projected costs of operating the Generator following the

repair, any benefits that would be foregone from using the site for a purpose other than as the existing Generator (e.g., repowering), and other relevant data.

The criteria for the audit and review provided in this Services Tariff Section 23.4.5.6.2.4 may be incorporated, as appropriate, in an audit and review required to be conducted pursuant to other provisions in this Services Tariff Section 23.4.

23.4.5.6.2.5 For a requesting Market Party, a determination that the Market Party has experienced Exceptional Circumstances shall be made by the ISO by the 160th day of the Generator's Forced Outage. The ISO shall use reasonable efforts to issue a determination that a Market Party has experienced Exceptional Circumstances after it has Commenced Repair and requests reclassification to an ICAP Ineligible Force Outage by the 40th day after the ISO's receipt of data necessary to conduct the analysis.

For a requesting Market Party, a determination that a Generator has experienced a Catastrophic Failure shall be made by the ISO by the 160th day of the Forced Outage. If the ISO has determined that Exceptional Circumstances will delay the submission of data necessary for the ISO to perform an audit and review pursuant to Section 23.4.5.6.2.1 or 23.4.5.6.2, the ISO shall use reasonable efforts to issue a determination that the Generator has experienced a Catastrophic Failure by the 40th day after receipt of data necessary to conduct the analysis.

23.4.5.6.3 Penalties for Withholding Installed Capacity Physically In Order To Affect Prices

If the ISO determines that either: i) pursuant to Section 23.4.5.6.1, the proposal or decision by a Market Party to retire or otherwise remove an Installed Capacity Supplier from a

Mitigated Capacity Zone, or to de-rate the amount of Installed Capacity available from such supplier, or ii) pursuant to Section 23.4.5.6.2, the ISO determines that the reclassification of an Installed Capacity Supplier that is a Generator from a Forced Outage to an ICAP Ineligible Forced Outage constitutes physical withholding, and would increase the Market-Clearing Price in one or more ICAP Spot Market Auctions for a Mitigated Capacity Zone by five percent or more, provided such increase is at least $.50/kilowatt-month, for each such violation of the above requirements the Market Party shall be assessed an amount equal to the product of (A) 1.5 times the difference between the Market Clearing Price for the Mitigated Capacity Zone in the ICAP Spot Market Auctions with and without the inclusion of the withheld UCAP in those auctions, and (B) the total of (1) the number of megawatts withheld in the month and (2) all other megawatts of Installed Capacity in the Mitigated Capacity Zone under common Control with such withheld megawatts in the month. The requirement to pay such amounts shall continue until the Market Party demonstrates that the removal from service, retirement, or de-rate, as described in Section 23.4.5.6.1, or reclassification as described in Section 23.4.5.6.2 is justified by economic considerations other than the effect of such action on Market-Clearing Prices in the ICAP Spot Market Auctions for the Mitigated Capacity Zone. The ISO will distribute any amount recovered in accordance with the foregoing provisions among the LSEs serving Loads in the Mitigated Capacity Zone(s) wherein the Market-Clearing Price was affected for the month corresponding to the penalty accordance with ISO Procedures.

23.4.5.7 Buyer-Side Market Power Mitigation Measures for Installed Capacity

Unless exempt as specified below, offers to supply Unforced Capacity from a Mitigated Capacity Zone Installed Capacity Supplier: (i) shall equal or exceed the applicable Offer Floor; and (ii) can only be offered in the ICAP Spot Market Auctions. Except for Offer Floors applied

pursuant to Section 23.4.5.7.9.5.2 (*i.e.*, after the revocation of a Competitive Entry Exemption,) Section 23.4.5.7.13.3 (*i.e.*, after the revocation of a Renewable Exemption) or Section 23.4.5.7.14.5 (*i.e.*, after the revocation of a Self Supply Exemption), the Offer Floor shall apply to offers for Unforced Capacity from the Installed Capacity Supplier, if it is not a Special Case Resource, starting with the Capability Period for which the Installed Capacity Supplier first offers to supply UCAP. Offer Floors applied pursuant to Section 23.4.5.7.9.5.2 shall apply to offers for Unforced Capacity from an Installed Capacity Supplier starting with all ICAP auction activity subsequent to the date of the revocation. Offer Floors shall cease to apply to that portion of a resource's UCAP (rounded down to the nearest tenth of a MW) that has cleared for any twelve, not-necessarily-consecutive, months (such cleared amount, "Cleared UCAP"). Offer Floors shall be adjusted annually using the most recent inflation rate determined pursuant to Section 5.14.1.2.2.4.11.

23.4.5.7.1 Unforced Capacity from an Installed Capacity Supplier that is subject to an Offer Floor may not be used to satisfy any LSE Unforced Capacity Obligation for Mitigated Capacity Zone Load unless such Unforced Capacity is obtained through participation in an ICAP Spot Market Auction.

23.4.5.7.2 An Installed Capacity Supplier, in a Mitigated Capacity Zone for which the Commission has accepted an ICAP Demand Curve, shall be exempt from an Offer Floor if: (a) the price that is equal to the (x) average of the ICAP Spot Market Auction price for each month in the two Capability Periods, beginning with the Summer Capability Period commencing three years from the start of the year of the Class Year (the "Starting Capability Period") is projected by the ISO to be higher, with the inclusion of the Installed Capacity Supplier, than (y) the

numerical value equal to 75 percent of the Mitigation Net CONE that would be applicable to such supplier in the same two (2) Capability Periods (utilized to compute (x)), (b) the price that is equal to the average of the ICAP Spot Market Auction prices in the six Capability Periods beginning with the Starting Capability Period is projected by the ISO to be higher, with the inclusion of the Installed Capacity Supplier, than the reasonably anticipated Unit Net CONE of the Installed Capacity Supplier, or (c) it has been determined to be exempt pursuant to Section 23.4.5.7.9 (the "Competitive Entry Exemption"), (d) it has been determined, and in the quantity of MW for which it has been determined, to be exempt pursuant to Section 23.4.5.7.13 (the "Renewable Exemption"), or (e) it has been determined, and in the quantity of MW for which it has been determined, to be exempt pursuant to Section 23.4.5.7.14 (the "Self Supply Exemption"). For purposes of the determinations pursuant to (a) and (b) of this section, the ISO shall identify Unit Net CONE and the price on the ICAP Demand Curve projected for a future Mitigation Study Period consistent with Sections 23.4.5.7.3.2 or 23.4.5.7.4, as appropriate, for each Examined Facility promptly after it (i) has accepted its SDU Project Cost Allocation and deliverable MW, if any, from the Final Decision Round and (ii) along with all other remaining members, has posted any associated security pursuant to OATT Section 25 (OATT Attachment S) (for purposes of Section 23.4, a project that "remains a member of a completed Class Year"). The first year value of an Examined Facility's Unit Net CONE will be calculated pursuant to Section 23.4.5.7, Section 23.4.5.7.2.4, or 23.4.5.7.3.2, will be established at the time such Examined Facility first offers UCAP, and will be

used by the ISO in subsequent mitigation exemption or Offer Floor determinations for Additional CRIS MW. Any determination received pursuant to Sections 23.4.5.7.2, 23.4.5.7.6. or 23.4.5.7.7 shall not become final for the relevant Examined Facility unless the Examined Facility accepts its SDU Project Cost Allocation and deliverable MW, if any, from the Final Decision Round, and posted any associated security pursuant to OATT Section 25, and remains a member of the completed Class Year. The Unit Net CONE or exemption determination pursuant to this Section shall be final on the date the ISO issues a notice to stakeholders that the Class Year decisional process has been completed.

23.4.5.7.2.1 Promptly after Commission acceptance of the first ICAP Demand Curve to apply to a Mitigated Capacity Zone, the ISO shall make an exemption and Offer Floor determination for any NCZ Examined Project that is in a completed Class Year and has received CRIS, unless exempt pursuant to section 23.4.5.7.6 or 23.4.5.7.8.

23.4.5.7.2.2 The ISO shall make an "Indicative Buyer-Side Mitigation Exemption Determination" for any NCZ Examined Project if (i) the Commission has accepted an ICAP Demand Curve for the Mitigated Capacity Zone that will become effective when the Mitigated Capacity Zone is first effective, or (ii) if the Commission has not accepted the first ICAP Demand Curve to apply specifically to the Mitigated Capacity Zone in which the NCZ Examined Project is located, provided the ISO has filed an ICAP Demand Curve pursuant to Services Tariff Section 5.14.1.2.2.4.11. The Indicative Buyer-Side Mitigation Exemption Determination shall be computed using such ICAP Demand Curve for the

Mitigated Capacity Zone concurrent with the determinations the ISO makes for Examined Facilities pursuant to Sections 23.4.5.7.3.2 and 23.4.5.7.3.3. The ISO shall recompute the Indicative Buyer-Side Mitigation Exemption Determination promptly after Commission acceptance of the first ICAP Demand Curve for the applicable Locality provided that such NCZ Examined Project (i) received CRIS if the Class Year completed at the time the Commission accepts the Demand Curve, or (ii) has not been removed from the Class Year Deliverability Study if the Class Year is not completed. The Indicative Buyer-Side Mitigation Exemption Determination is for informational purposes only. The exemption or Offer Floor for an NCZ Examined Project to which this Section applies shall be determined for such projects receiving CRIS using the Commission-accepted Locality Demand Curve.

23.4.5.7.2.3 Any NCZ Examined Project not exempt pursuant to 23.4.5.7.8 shall provide data and information requested by the ISO by the date specified by the ISO, in accordance with the ISO Procedures.

The ISO shall compute the reasonably anticipated ICAP Spot Market Auction forecast price based on Expected Retirements (as defined in subsection 23.4.5.7.2.3.1), plus each NCZ Examined Project.

23.4.5.7.2.3.1 Expected Retirements shall be determined based on any Generator that provided written notice to the New York State Public Service Commission that it intends to retire, plus any UDR facilities, or any Generator 2 MW or less that provided written notice to the ISO that it intends to retire.

23.4.5.7.2.3.2 The Load forecast shall be based on data used to develop the Indicative Locational Minimum Installed Capacity Requirement, and Special Case Resources based on data for the Mitigated Capacity Zone that is part of the Special Case Resource data set forth in the most-recently published Load and Capacity Data (Gold Book).

23.4.5.7.2.4 The ISO shall post on its website the inputs of the reasonably anticipated ICAP Spot Market Auction forecast prices determined in accordance with 23.4.5.7.2.3 (except for the posting of an input which would disclose Confidential Information), the Expected Retirements, and the NCZ Examined Projects, before the exemption or Offer Floor determination under this Section.

When the ISO is evaluating more than one NCZ Examined Project concurrently, the ISO shall recognize in its computation of the anticipated ICAP Spot Market Auction forecast price that Generators or UDR facilities will clear from lowest to highest, using for each NCZ Examined Project the lower of (i) the first year value of its Unit Net CONE, or (ii) the numerical value equal to 75 percent of the Mitigation Net Cone, then inflated in accordance with 23.4.5.7 for each of the year two and year three of the Mitigation Study Period.

23.4.5.7.2.5 When evaluating NCZ Examined Projects pursuant to Sections 23.4.5.7.2.1 or 23.4.5.7.2.2, the ISO shall seek comment from the Market Monitoring Unit on matters relating to the determination of price projections and cost calculations. The ISO shall inform the NCZ Examined Project of the Offer Floor or Offer Floor exemption determination or Indicative Buyer-Side Mitigation Exemption Determination promptly. The responsibilities of the Market

Monitoring Unit that are addressed in this Section 23.4.5.7.2.5 are also addressed in Section 30.4.6.2.12 of Attachment O to this Services Tariff.

23.4.5.7.2.6 If an NCZ Examined Project under the criteria in 23.4.5.7.2.1 or 23.4.5.7.2.2 does not provide all of the requested data by the date specified by the ISO, the MW of CRIS received at that time by the project shall be subject to the Mitigation Net CONE Offer Floor for the period determined by the ISO in accordance with Section 23.4.5.7.

23.4.5.7.2.7 An NCZ Examined Project or Examined Facility located in more than one Mitigated Capacity Zone shall be evaluated pursuant to the tests in Section 23.4.5.7.2 (a) and (b) or 23.4.5.7.3 (as applicable), calculating Mitigation Net CONE for the smallest Mitigated Capacity Zone that contains the Load Zone in which such NCZ Examined Project or Examined Facility is electrically located.

23.4.5.7.3 The ISO shall make such exemption and Unit Net CONE determination for each "Examined Facility" (collectively "Examined Facilities") which term shall mean (I) each proposed new Generator and proposed new UDR project, and each existing Generator that has ERIS only and no CRIS, that is a member of the Class Year that requested CRIS, or that requested an evaluation of the transfer of CRIS rights from another location, in the Class Year Facilities Study commencing in the calendar year in which the Class Year Facility Study determination is being made (the Capability Periods of expected entry as further described below in this Section, the "Mitigation Study Period") and (II) each (i) existing Generator that did not have CRIS rights, and (ii) proposed new Generator and proposed new UDR project, provided such Generator under Subsection (i) or (ii) is an expected

recipient of transferred CRIS rights at the same location regarding which the ISO has been notified by the transferor or the transferee of a transfer pursuant to OATT Attachment S Section 25.9.4 that will be effective on a date within the Mitigation Study Period.

23.4.5.7.3.1 The commercial operation date to be used by the ISO solely for purposes of identifying the Examined Facilities will be determined by the ISO at the time of the Class Year Study as the date most-recently (A) identified by the project to the ISO in the Interconnection Facilities Study process or (B) reflected in the Interconnection Queue, or if neither of the foregoing is applicable, then the date identified by the project to the Transmission Owner to which it has proposed interconnecting.

23.4.5.7.3.2 The ISO shall compute the reasonably anticipated ICAP Spot Market Auction forecast price for any Mitigated Capacity Zone based on Expected Retirements (as defined in this subsection 23.4.5.7.3.2), plus each Examined Facility in 23.4.5.7.3 (I) or (II).

Expected Retirements shall be determined based on any Generator that provided written notice to the New York State Public Service Commission that it intends to retire, plus any UDR facility or Generator 2 MW or less that provided written notice to the ISO that it intends to retire.

The load forecast and Special Case Resources shall be as set forth in the most-recently published Load and Capacity Data (Gold Book).

Before the commencement of the Initial Decision Period for the Class Year, the ISO shall post on its website the inputs of the reasonably anticipated ICAP Spot

Market Auction forecast prices determined in accordance with 23.4.5.7.3.2, the Expected Retirements, and the Examined Facilities, before the Initial Project Cost Allocation, subject to any restrictions on the disclosure of Confidential Information or Critical Energy Infrastructure Information.

When the ISO is evaluating more than one Examined Facility concurrently, the ISO shall recognize in its computation of the anticipated ICAP Spot Market Auction forecast price that Generators or UDR facilities will clear from lowest to highest, using for each Examined Facility the lower of (i) the first year value of its Unit Net CONE, or (ii) the numerical value equal to 75 percent of the Mitigation Net Cone, then inflated in accordance with 23.4.5.7 for each of the year two and year three of the Mitigation Study Period.

23.4.5.7.3.3 All developers, Interconnection Customers, and Installed Capacity Suppliers for any Examined Facility that do not request CRIS shall provide data and information requested by the ISO by the date specified by the ISO, in accordance with the ISO Procedures. For any such Examined Facility that is in a Class Year but that only has ERIS rights after the Project Cost Allocation process is complete, the ISO shall utilize the data first provided in its analysis of the Unit Net CONE in its review of the project in any future Class Year in which the Generator or UDR facility requests CRIS. The ISO shall determine the reasonably anticipated Unit Net CONE less the costs to be determined in the Project Cost Allocation or Revised Project Cost Allocation, as applicable, prior to the commencement of the Initial Decision Period Class Year, and shall provide to the Examined Facility the ISO's initial determination of an exemption or the Offer

Floor. On or before the three (3) days prior to the ISO's issuance of the Revised Project Cost Allocation, the ISO will revise its forecast of ICAP Spot Market Auction prices for the Capability Periods in the Mitigation Study Period based on the Examined Facilities that remain in the Class Year for CRIS and the Examined Facilities that meet 23.4.5.7.3 (II). When evaluating Examined Capacity pursuant to this Section 23.4.5.7, the ISO shall seek comment from the Market Monitoring Unit on matters relating to the determination of price projections and cost calculations. The ISO shall provide to each project its revised price forecast and a revised initial determination for a Subsequent Decision Period no later than the ISO's issuance of a Revised Project Cost Allocation. If a project remains a member of a completed Class Year, the ISO shall inform the project of the final determination of the Offer Floor or whether the Offer Floor exemption specified above in this Section is applicable as soon as practicable after the date the ISO issues a notice to stakeholders that the Class Year decisional process has been completed, in accordance with methods and procedures specified in ISO Procedures. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.12 of Attachment O to this Services Tariff.

23.4.5.7.3.4 If an Examined Facility under the criteria in 23.4.5.7.3 (II) has not provided written notice to the ISO on or before the date specified by the ISO, or any Examined Facility required to be reviewed does not provide all of the requested data by the date specified by the ISO, the proposed Capacity shall be

subject to the Mitigation Net CONE Offer Floor for the period determined by the ISO in accordance with Section 23.4.5.7.

23.4.5.7.3.5 Except as specified in Section 23.4.5.7.6 with respect to Additional CRIS MW, an Examined Facility for which an exemption or Offer Floor determination has been rendered may only be reevaluated for an exemption or Offer Floor determination if it meets the criteria in Section 23.4.5.7.3 (I) and was not previously in a Class Year at the time of the completion of the Class Year either (a) enters a new Class Year and requests CRIS or (b) intends to receive transferred CRIS rights at the same location. An Examined Facility under the criteria in Section 23.4.5.7.3 (II) that did receive CRIS rights will be bound by the determination rendered and will not be reevaluated. An Examined Facility under the criteria that had been set forth in Section 23.4.5.7.3 (III) prior to May 19, 2016, will not be reevaluated.

23.4.5.7.3.6 If an Installed Capacity Supplier demonstrates to the reasonable satisfaction of the ISO that the value equal to the first of the three year values in the Mitigation Study Period that comprise its Unit Net CONE is less than any Offer Floor that would otherwise be applicable to the Installed Capacity Supplier, then its Offer Floor shall be reduced to a numerical value equal to the first year of its Unit Net CONE.

23.4.5.7.3.7 If the Installed Capacity Supplier first offers UCAP prior to the first Capability Year of the Mitigation Study Period for which it was evaluated, its Offer Floor shall be reduced using the inflation rate identified in Section 23.4.5.7. If the Installed Capacity Supplier first offers UCAP after the first Capability Year

of the Mitigation Study Period for which it was evaluated, its Offer Floor shall be increased using the inflation rate identified in 23.4.5.7.

23.4.5.7.4 For purposes of Sections 23.4.5.7.2(b) and 23.4.5.7.6(b), the ISO shall identify (A) the Unit Net CONE projected for a Mitigation Study Period using: the most recent inflation rate determined pursuant to Section 5.14.1.2.2.4.11; and (B) the price on the ICAP Demand Curve projected for a Mitigation Study Period using the most recent escalation factor determined pursuant to Section 5.14.1.2.2.1. For purposes of Section 23.4.5.7.2(a), the ISO shall use the most recent escalation factor determined pursuant to Section 5.14.1.2.2.1.

23.4.5.7.5 A Mitigated Capacity Zone Installed Capacity Supplier that is a Special Case Resource shall be subject to an Offer Floor beginning with the month of its initial offer to supply Installed Capacity, and until its offers of Installed Capacity have been accepted in the ICAP Spot Market Auction at a price at or above its Offer Floor for a total of twelve, not necessarily consecutive, months. A Special Case Resource shall be exempt from the Offer Floor if (a) it is located in a Mitigated Capacity Zone except New York City and is enrolled as a Special Case Resource with the ISO for any month within the Capability Year that includes March 31 in an ICAP Demand Curve Reset Filing Year in which the ISO proposes a New Capacity Zone that includes the location of the Special Case Resource, or (b) the ISO projects that the ICAP Spot Market Auction price will exceed the Special Case Resource's Offer Floor for the first twelve months that the Special Case Resource reasonably anticipated to offer to supply UCAP. If a Responsible Interface Party fails to provide Special Case Resource data that the

ISO needs to conduct the calculations described in the two preceding sentences by the deadline established in ISO Procedures, the Special Case Resource will cease to be eligible to offer or sell Installed Capacity. The Offer Floor for a Special Case Resource shall be equal to the minimum monthly payment for providing Installed Capacity payable by its Responsible Interface Party, plus the monthly value of any payments or other benefits the Special Case Resource receives from a third party for providing Installed Capacity, or that is received by the Responsible Interface Party for the provision of Installed Capacity by the Special Case Resource. The Offer Floor calculation for a Special Case Resource located in New York City shall include any payment or the value of other benefits that are awarded for offering or supplying Mitigated Capacity Zone Capacity unless such payment or the value of other benefits is ruled exempt by Commission order in response to a request for exemption filed under section 206 of the Federal Power Act by New York State or a government instrumentality of New York State. The Offer Floor calculation for a Special Case Resource located in a Mitigated Capacity Zone except New York City shall include any payment or the value of other benefits that are awarded for offering or supplying Mitigated Capacity Zone Capacity, except for payments or the value of other benefits provided under programs administered or approved by New York State or a government instrumentality of New York State. Offers by a Responsible Interface Party at a PTID shall be not lower than the highest Offer Floor applicable to a Special Case Resource providing Installed Capacity at that PTID. Such offers may comprise a set of points for which prices may vary with the quantity offered. If this set

includes megawatts from a Special Case Resource(s) with an Offer Floor, then at least the quantity of megawatts in the offer associated with each Special Case Resource must be offered at or above the Special Case Resource's Offer Floor. Offers by a Responsible Interface Party shall be subject to audit to determine whether they conformed to the foregoing Offer Floor requirements. If a Responsible Interface Party together with its Affiliated Entities submits one or more offers below the applicable Offer Floor, and such offer or offers cause or contribute to a decrease in UCAP prices in the Mitigated Capacity Zone of 5 percent or more, provided such decrease is at least $.50/kilowatt-month, the Responsible Interface Party shall be required to pay to the ISO an amount equal to 1.5 times the difference between the Market-Clearing Price for the Mitigated Capacity Zone in the ICAP Spot Auction for which the offers below the Offer Floor were submitted with and without such offers being set to the Offer Floor, times the total amount of UCAP sold by the Responsible Interface Party and its Affiliated Entities in such ICAP Spot Auction. If an offer is submitted below the applicable Offer Floor, the ISO will notify the Responsible Market Party and the notification will identify the offer, the Special Case Resource, the price impact, and the penalty amount. The ISO will provide the notice reasonably in advance of imposing such penalty. The ISO shall distribute any amounts recovered in accordance with the foregoing provisions among the entities, other than the entity subject to the foregoing payment requirement, supplying Installed Capacity in regions affected by one or more offers below an applicable Offer Floor in accordance with ISO Procedures.

23.4.5.7.6 Exemption and Offer Floor Determinations **for Additional CRIS MW**:

All requests for Additional CRIS MW located in a Mitigated Capacity Zone, in a Class Year or through a transfer, shall be evaluated for a buyer-side mitigation exemption or Offer Floor in accordance with this Section. Additional CRIS MW obtained in a Class Year or obtained through a transfer at the same location shall be exempt from an Offer Floor (a) if the price that is equal to (x) the average of the ICAP Spot Market Auction price for each month in the two Capability Periods, beginning with the Summer Capability Period commencing three years from the start of the Class Year (the "Starting Capability Period") is projected by the ISO, with the inclusion of the Additional CRIS MW, to be higher than (y) the highest Offer Floor based on the Mitigation Net CONE that would be applicable to such Additional CRIS MW in the same two (2) Capability Periods (utilized to compute (x)); (b) if the price that is equal to the average of the ICAP Spot Market Auction prices in the six Capability Periods beginning with the Starting Capability Period is projected by the ISO, with the inclusion of the Installed Capacity Supplier's Additional CRIS MW, to be higher than the reasonably anticipated Unit Net CONE computed in accordance with (i) and (ii) of Section 23.4.5.7.6.1 for the Installed Capacity Supplier's Additional CRIS MW, or (c) for the quantity of MW determined to be exempt pursuant to Section 23.4.5.7.13 or 23.4.5.7.14 (*i.e.*, a Self Supply Exemption can be received for some Additional CRIS MW and a Renewable Exemption for other Additional CRIS MW that comprise all or part of the same request for Additional CRIS MW in a given Class Year.

23.4.5.7.6.1 For Additional CRIS MW that have an exemption or Offer Floor determined pursuant to this Section 23.4.5.7.6, the ISO shall compute Unit Net CONE as follows:

(i) Unit Net CONE for the Additional CRIS MW shall be based on the Additional CRIS MW and the costs and revenues of and associated with the Additional CRIS MW if:

(a) the most recent prior determination concluded that the Capacity for which the Examined Facility accepted CRIS was exempt from the Offer Floor pursuant to Section 23.4.5.7.2(b), 23.4.5.7.6(b), 23.4.5.7.7, or 23.4.5.7.8; or

(b) at the time of an Examined Facility's request for Additional CRIS MW: (1) it has accepted CRIS MW equal to, or greater than, 95 percent of the Examined Facility's maximum MW of electrical capability, net of auxiliary load, at an ambient temperature of 93° F as determined in accordance with ISO Procedures and (2) the amount of Cleared UCAP is greater than or equal to the amount of UCAP calculated pursuant to Section 23.4.5.7.6.3; or

(c) the Examined Facility's Total Evaluated CRIS MW includes exempted CRIS MW for which the Examined Facility did not receive a Unit Net CONE determination and thus did not provide data to the ISO because the determination for the exempt CRIS MW received was not based on Unit Net CONE and was made prior to November 27, 2010.

(ii) or in all other cases, Unit Net CONE, shall be the greater of two values, one based on the Total Evaluated CRIS MW, and the costs and revenues of the Total

Evaluated CRIS MW, and one based on the Additional CRIS MW, and the costs and revenues of the Additional CRIS MW.

23.4.5.7.6.2 When calculating the Unit Net CONE of the Total Evaluated CRIS MW for an Examined Facility, the ISO shall utilize the Examined Facility's first year Unit Net CONE determined pursuant to Section 23.4.5.7 and Sections 23.4.5.7.2.4 or 23.4.5.7.3.2, adjusted to the year's dollars at the time of an Examined Facility's request for Additional CRIS MW using: (i) the relevant value from the price index for non-farm business output published in the Survey of Current Business by the Department of Commerce's Bureau of Economic Analysis ("BEA Non-Farm Price Index"), or its successor; or (ii) the most recent inflation rate determined pursuant to Section 5.14.1.2.2.4.11 for any future year which is beyond the published BEA Non-Farm Price Index, or its successor.

23.4.5.7.6.3 For purposes of making the determination pursuant to Section 23.4.5.7.6.1(i)(b)(2), the amount of Cleared UCAP shall be compared to an amount of UCAP calculated as the product of the CRIS MW held by the Examined Facility immediately prior to its request for Additional CRIS MW and (1-EFORd). Except as specified in the next paragraph, for purposes of this calculation, if the Examined Facility is a Generator, its EFORd shall be derived using the data in the 5-year average NERC-GADS Generating Availability Report, or its successor, for the main class of the unit (hereinafter the "Class Average EFORd") that is current at the time of the request for Additional CRIS MW, when available. If the Examined Facility is an Intermittent Power Resource or Limited Control Run-of-River Hydro Resource, the ISO shall apply a 5-year

average derating factor based on ISO data to establish the EFORd to be utilized in the calculation pursuant to this paragraph. In all other cases, the ISO will apply the 5-year average derating factor from the ICAP/UCAP translation, for the smallest Mitigated Capacity Zone in which the resource is located at the time of the request. The EFORd applied by the ISO at the time that the Examined Facility first offers or certifies UCAP in an Installed Capacity auction ("Initial Entry EFORd") shall be used instead of Class Average EFORd when it is higher (*i.e.*, a greater outage rate) than the Class Average EFORd calculated at the time of the Examined Facility's request for Additional CRIS MW.

23.4.5.7.6.4 Additional CRIS MW shall be subject to the Mitigation Net CONE Offer Floor for the period specified in Section 23.4.5.7, for any Examined Facility whose Total Evaluated CRIS MW includes CRIS MW that are or have ever been subject to the Mitigation Net CONE Offer Floor, pursuant to Section 23.4.5.7.3.4.

23.4.5.7.6.5 The Offer Floor for Additional CRIS MW shall be equal to the lesser of: (a) the Unit Net CONE for the Additional CRIS MW; or (b) a numerical value equal to 75 percent of the Mitigation Net CONE translated into a seasonally adjusted monthly UCAP value for the Additional CRIS MW.

23.4.5.7.6.6 The results of this exemption determination shall apply only to the Additional CRIS MW and shall not alter or affect any prior exemption or Offer Floor determination for the Examined Facility. The Additional CRIS MW for which CRIS is received shall be bound by the determination rendered and will not be reevaluated unless the Examined Facility enters a new Class Year for the Additional CRIS MW.

23.4.5.7.6.7 When the ISO makes a mitigation exemption or Offer Floor determination for an Examined Facility's Additional CRIS MW for an Installed Capacity Supplier other than that to which the Unit Net CONE determination for the Examined Facility was rendered, the ISO shall provide such Installed Capacity Supplier with the Examined Facility's first year Unit Net CONE value if the Installed Capacity Supplier (a) requests that information, and (b) represents that it: (i) will use that information solely for purposes of considering a request for Additional CRIS MW for the Examined Facility, and (ii) will not share that information with or make it available to any other person except those that are assisting it in considering a request for Additional CRIS MW.

23.4.5.7.6.8 The ISO shall post on its website the determination of whether the project is exempt or non-exempt from an Offer Floor as soon as the determination is final. Concurrent with the ISO's posting, the Market Monitoring Unit shall publish a report on the ISO's determination, as further specified in Section 30.4.6.2.12 of Attachment O to this Services Tariff.

23.4.5.7.7 (a) An In-City Installed Capacity Supplier that is not a Special Case Resource shall be exempt from an Offer Floor if it was an existing facility on or before March 7, 2008. (b) A Generator or UDR project that was an existing facility on or before June 29, 2012, which: (i) is in a Mitigated Capacity Zone except New York City, and (ii) was grandfathered from the deliverability requirement at a certain quantity of MW of CRIS pursuant to Section 25.9.3.1 of OATT Attachment S ("Deliverability Grandfathering Process") shall be exempt from an Offer Floor for the MW quantity of CRIS that was provided through the

Deliverability Grandfathering Process plus an additional 2 MW obtained through Section 30.3.2.6 of Attachment X to the OATT. If the Generator or UDR project subsequently received CRIS above the quantity established through the Deliverability Grandfathering Process, this exemption shall not apply to any such increase above the 2 MW allowed in Section 30.3.2.6 of Attachment X to the OATT.

23.4.5.7.8 For any Mitigated Capacity Zone except New York City:

(I) Any existing or proposed Generator or UDR project that has the characteristics specified in this Section 23.4.5.7.8(I) shall be exempt from an Offer Floor with respect to the MW of CRIS that it received at the time, or for which it satisfied the specific CRIS transfer requirements stated in this Section. To be eligible for an exemption under this Section: (a) the existing or proposed Generator or UDR project's location must be included in the ISO's March 31 Filing in the ICAP Demand Curve Reset Filing Year in which a Mitigated Capacity Zone is first applied to such location; (b) prior to that March 31 Filing the existing or proposed Generator or UDR project must have both: (i) Commenced Construction and (ii) either (1) received the MW of CRIS in a Class Year that was completed or (2) submitted to the ISO an Interconnection Request that specifically states that the Generator or UDR project will be requesting or has requested a transfer of a specific MW quantity of CRIS at the same location in accordance with Section 25.9.4 of OATT Attachment S (provided that the transfer is ultimately approved by the ISO and consummated); and (c) the existing or proposed Generator or UDR project must demonstrate to the ISO no later than the

deadline established by the ISO that it satisfies the requirements of (b) (i) and (ii) above; and

(II) An existing or proposed Generator or UDR project that is not subject to a deliverability requirement (and therefore, is not in a Class Year and does not receive CRIS MW) shall be exempt from an Offer Floor if it meets the following requirements prior to the ISO's March 31 Filing in an ICAP Demand Curve Reset Filing Year in which a Mitigated Capacity Zone is first applied to such location: (a) has Commenced Construction, (b) has an effective interconnection agreement, and (c) provides specific written notification to the ISO that it meets requirements (a) and (b) of this subsection 23.4.5.7.8(II) no later than the deadline established by the ISO.

The ISO shall consult with the Market Monitoring Unit prior to determining whether an existing or proposed Generator or UDR project has Commenced Construction. Prior to the ISO making its determination, the Market Monitoring Unit shall provide the ISO a written opinion and recommendation regarding whether an existing or proposed Generator or UDR project Commenced Construction. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.12 of Attachment O. The ISO shall only make a determination pursuant to this Section for an existing or proposed Generator or UDR project for the Mitigated Capacity Zone's first application to the location of the project. The Market Monitoring Unit shall also provide a public report on its assessment of an

ISO determination that an existing or proposed Generator or UDR project is exempt from an Offer Floor pursuant to this Section 23.4.5.7.8.

23.4.5.7.9 Competitive Entry Exemption

23.4.5.7.9.1 Eligibility

23.4.5.7.9.1.1 A proposed new Generator or UDR project that becomes a member of a Class Year after Class Year 2012 may request to be evaluated for a "Competitive Entry Exemption" for its CRIS MW and shall qualify for such exemption if the ISO determines that the proposed Generator or UDR project meets each of the following requirements: (a) does not have, and at no time before the Generator first produces or the UDR project first transmits energy (for purposes of this Section 23.4.5.7.9, the "Entry Date") shall have, (i) a direct or indirect "non-qualifying contractual relationship," as defined in Section 23.4.5.7.9.1.2, with a Public Power Entity, a Transmission Owner with a Transmission District in the NYCA, any other entity with a Transmission District in the NYCA, or an agency or instrumentality of New York State or a political subdivision thereof, (collectively "Non-Qualifying Entry Sponsors"); or (ii) an unexecuted agreement, written or unwritten, with a Non-Qualifying Entry Sponsor that would support the development of the project, except those agreements that would not constitute a "non-qualifying contractual relationship," as set forth in Section 23.4.5.7.9.1.3(i) – (viii), (b) is not itself, and is not an Affiliate of, a Non-Qualifying Entry Sponsor.

23.4.5.7.9.1.2 For purposes of Section 23.4.5.7.9, a direct "non-qualifying contractual relationship" shall include but not be limited to any contract, agreement,

arrangement, or relationship (for the purposes of this Section 23.4.5.7.9, a "contract") that: (a) directly relates to the planning, siting, interconnection, operation, or construction of the Generator or UDR project that is the subject of the request for the Competitive Entry Exemption; (b) is for the energy or capacity produced by or delivered from or by the Generator or UDR project, including an agreement for rights to schedule or use a UDR; or (c) provides services, financial support, or tangible goods to a Generator or UDR project. For purposes of Section 23.4.5.7.9, an indirect "non-qualifying contractual relationship" is any contract between the Generator or UDR project and an entity (for purposes of this Section 23.4.5.7.9, a "third party") if the third party has a non-qualifying contractual relationship with a Non-Qualifying Entry Sponsor, the recital, purpose, or subject of which includes, or has the effect of including, this Generator or UDR project.

23.4.5.7.9.1.3 A contract with a Non-Qualifying Entry Sponsor shall not constitute a "non-qualifying contractual relationship" if it is (i) an Interconnection Agreement; (ii) an agreement for the construction or use of interconnection facilities or transmission or distribution facilities, or directly connected joint use transmission or distribution facilities (including contracts required for compliance with Articles VII or 10 of the New York State Public Service Law or orders issued pursuant to Articles VII or 10); (iii) a grant of permission by any department, agency, instrumentality, or political subdivision of New York State to bury, lay, erect or construct wires, cables or other conductors, with the necessary poles, pipes or other fixtures in, on, over or under public property; (iv) a contract for the sale or

lease of real property to or from a Non-Qualifying Entry Sponsor at or above fair market value as of the date of the agreement was executed, such value demonstrated by an independent appraisal at the time of execution prepared by an accountant or appraiser with specific experience in such valuations; (v) an easement or license to use real property; (vi) a contract, with any department, agency, instrumentality, or political subdivision of New York State providing for a payment-in-lieu of taxes (*i.e.*, a "PILOT" agreement) or industrial or commercial siting incentives, such as tax abatements or financing incentives, provided the PILOT agreement or incentives are generally available to industrial or commercial entities; (vii) a service agreement for natural gas entered into under a tariff accepted by a regulatory body with jurisdiction over that service; or (viii) a service agreement entered into under a tariff accepted by a regulatory body with jurisdiction over that service at a regulated rate for electric Station Power, or steam service, excluding an agreement for a rate that is a negotiated rate pursuant to any such regulated electric, or steam tariff. Notwithstanding the foregoing, a contract with a Non-Qualifying Entry Sponsor that includes a provision that is a non-qualifying contractual relationship will render the entire contract described in (i) through (viii) of this Section a non-qualifying contractual relationship.

23.4.5.7.9.1.4 The ISO shall determine whether a Generator or UDR project is eligible for a Competitive Entry Exemption based on its review of the certifications required by Section 23.4.5.7.9.2, below, and any other supporting data requested by the ISO. When evaluating eligibility for a Competitive Entry Exemption, the ISO shall consult with the Market Monitoring Unit. The responsibilities of the

Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.12 of Attachment O to this Services Tariff.

23.4.5.7.9.2 Certifications and Acknowledgements

23.4.5.7.9.2.1 A Generator or UDR project requesting a Competitive Entry Exemption shall submit to the ISO in accordance with ISO Procedures, and shall be legally bound by, the following Certification and Acknowledgement form executed by a duly authorized officer:

CERTIFICATION AND ACKNOWLEDGMENT

I [NAME & TITLE] hereby certify on behalf of myself, [NAME OF PROJECT], and [NAME OF DEVELOPER] that each of the following statements is true and correct:

1. I am an officer whose responsibilities include the development of the [EXAMINED FACILITY], New York Independent System Operator, Inc.'s ("NYISO") Interconnection queue position Number [INSERT NUMBER] (the "Project").

2. I am duly authorized to make representations concerning the Project, including each of the certifications and acknowledgements that I have made in this document.

3. I hereby [REQUEST ON BEHALF OF/ACKNOWLEDGE THE PRIOR SUBMISSION IN THIS CLASS YEAR BY] the Developer a Competitive Entry Exemption for the Project.

4. I have reviewed and I understand the requirements established under the NYISO Market Administration and Control Area Services Tariff ("Services Tariff") related to a "Competitive Entry Exemption" pursuant to Section 23.4.5.7.9.

5. I have personal knowledge of the facts and circumstances supporting the Project's request and eligibility for a Competitive Entry Exemption as of the date of this Certification and Acknowledgment, including all data and other information submitted by the Project to the NYISO.

6. To the best of my knowledge and having conducted due diligence that is current as of the date of this Certification there [ARE/ARE NOT ANY**]** direct or indirect contractual relationships for the Project with a "Non-Qualifying Entry Sponsor," as those terms are defined in Section 23.4.5.7.9 of the Services Tariff. I have

listed all contracts with Non-Qualifying Entry Sponsors on Schedule 1 to this Certification.

7. If the Answer to (6) is that there are one or more direct or indirect contractual relationships for the Project with a Non-Qualifying Entry Sponsor, then I certify that to the best of my knowledge and having conducted due diligence that they are "allowable contracts" as set forth in Section 23.4.5.7.9.1.3(i) – (viii) of the Services Tariff.

8. To the best of my knowledge and having conducted due diligence that is current as of the date of this Certification, (a) no unexecuted agreements, written or unwritten, with a Non-Qualifying Entry Sponsor exist that would support the development of the Project except those agreements that would not constitute a non-qualifying contractual relationship, as set forth in Section 23.4.5.7.9.1.3(i) – (viii) of the Services Tariff, and (b) all agreements that would not constitute a non-qualifying contractual relationship are on Schedule 1 to this certification.

9. To the best of my knowledge and having conducted due diligence, the Project is not a Non-Qualifying Entry Sponsor, and it is not an "Affiliate" (as Affiliate is defined in Section 2.1 of the Services Tariff) of, a Non-Qualifying Entry Sponsor.

10. The Project shall provide any information or cooperation requested by the NYISO in connection with the Project's request for a Competitive Entry Exemption.

11. All parents or Affiliates of the Project shall provide any information or cooperation requested by the ISO.

I hereby acknowledge on behalf of myself, [INSERT NAME OF PROJECT], and [NAME OF DEVELOPER] that:

a. The submission of false, misleading, or inaccurate information, or the failure to submit information requested by the NYISO related to the Project's request for a Competitive Entry Exemption, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the Project, shall constitute a violation of Section 4.1.7 of the Services Tariff, and subject to the Commission's review, a violation of the Commission's regulations and Section 316A of the Federal Power Act.

b. If the Project submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the Project, it shall cease to be eligible for a Competitive Entry Exemption and, if the Project has already received a Competitive Entry Exemption, that exemption shall be subject to revocation by the NYISO or the Commission after which the Project shall be subject to an Offer Floor set at the Mitigation Net CONE Offer Floor (such value calculated based on the date it first Offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in

accordance with Section 23.4.5.7 of the Services Tariff,) starting with the date of the revocation pursuant to Section 23.4.5.7.9.5.3 of the Services Tariff.

c. If the Project submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to information contained or submitted in the Certification and Acknowledgement on behalf of the Project, it may be subject to civil penalties that may be imposed by the Commission for violations of Section 4.1.7 of Services Tariff, the Commission's rules, and/or Section 316A of the Federal Power Act.

_____

[PRINT NAME]
[DATE]

Subscribed and sworn to before me
this [ ] day of [MONTH] [YEAR].

_____

Notary Public

My commission expires: _____

PROJECT NAME] SCHEDULE 1 CERTIFICATION AND ACKNOWLEDGEMENT
[DATE]

Parties to agreement **Date Executed** **Effective Date** **Date Performance Commences**

23.4.5.7.9.2.2 A duly authorized officer of the Generator or UDR project shall also submit a certification acknowledging that parents or Affiliates shall provide any information or cooperation requested by the ISO.

23.4.5.7.9.2.3 The certifying officers must have knowledge of the facts and circumstances supporting the request and qualification for a Generator's or UDR project's Competitive Entry Exemption.

23.4.5.7.9.2.4 Such certifications shall be submitted concurrent with the request for a Competitive Entry Exemption and each time the ISO requests a resubmittal of a certification, until the Generator's or UDR project's Entry Date.

23.4.5.7.9.2.5 The Generator or UDR project must notify the ISO if information in a certification ceases to be true, promptly upon such occurrence or learning information previously provided was not true.

23.4.5.7.9.2.6 Failure to provide, without prior notification, information or cooperation consistent with any certification shall be considered a false, misleading, or inaccurate submission for purposes of Section 23.4.5.7.9.5.

23.4.5.7.9.2.7 Where a notification is provided to the ISO, within 2 business days of receipt of a request from the ISO for information or cooperation, that the information or cooperation requested will not be provided, such refusal will not be considered a false, misleading, or inaccurate submission for purposes of Section 23.4.5.7.9.5 as long as the information is provided by the earlier of a mutually agreed upon deadline or thirty (30) calendar days. A refusal to provide information or any other failure to provide information by that deadline will make the Generator or UDR project requesting a Competitive Entry Exemption ineligible for such exemption, and such Generator or UDR project shall be subject to the Mitigation Net CONE Offer Floor (such value based on the date it first

offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff.)

23.4.5.7.9.3 Timing for Requests, Required Submittals, and Withdrawals

23.4.5.7.9.3.1 The executed Certification and Acknowledgement form required by Section 23.4.5.7.9.2 shall be submitted concurrent with a request for a Competitive Entry Exemption. The ISO may request additional information and updated certifications at any time prior to a Generator's or UDR project's Entry Date. A Generator or UDR project that is granted an exemption pursuant to this Section 23.4.5.7.9, shall be required to submit an executed Certification and Acknowledgement form set forth in Section 23.4.5.7.9.2 of the Services Tariff, updated as appropriate, upon its Entry Date.

23.4.5.7.9.3.2 Requests for Competitive Entry Exemptions for Generators or UDR projects in Class Years subsequent to Class Year 2012 must be received by the ISO no later than the deadline by which a facility must notify the ISO of its election to enter the Class Year, such date as set forth in Section 25.5.9 OATT Attachment S. A Generator or UDR project that requests a Competitive Entry Exemption in a Class Year may not also request a Renewable Exemption or Self Supply Exemption. A Generator or UDR project that remains a member of a completed Class Year if such Class year is Class Year 2012 or prior Class Year, shall not be eligible to request or receive a Competitive Entry Exemption. The ISO shall determine whether a Generator or UDR project is exempt, subject to any required further submissions of information, or not exempt under the Competitive Entry Exemption, prior to the Initial Decision Period within which a

Developer must provide an Acceptance Notice or Non-Acceptance Notice to the ISO in response to the first Project Cost Allocation issued by the ISO to the Developer.

23.4.5.7.9.3.3 A Generator or UDR project that submits a request for a Competitive Entry Exemption, including the required Certification and Acknowledgement, responses to information requests, and resubmittal, but (a) enters into a "non-qualifying contractual relationship" or (b) enters into an unexecuted agreement, written or unwritten, with a Non-Qualifying Entry Sponsor that would support the development of the Project, except those agreements identified in 23.4.5.7. 9.1.3 that would not constitute a "non-qualifying contractual relationship, may withdraw such request, provided that it notifies the ISO that it has entered into such "non-qualifying contractual relationship" within 2 business days of doing so. A Generator or UDR project seeking to withdraw its request pursuant to this section 23.4.5.7.9.3.3 shall be subject to the Mitigation Net CONE Offer Floor (such value calculated based on its the date it first offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff,) but will not be subject to the provisions of Section 23.4.5.7.9.5.

23.4.5.7.9.4 Notifications

23.4.5.7.9.4.1 The ISO shall post on its website a list of each Generator or UDR project that requests a Competitive Entry Exemption that becomes a member of the Class Year, promptly after the deadline set forth in Section 30.8.1 of the OATT (Attachment X) (by which the ISO must receive the Developer's executed Class

Year Interconnection Facilities Study Agreement and deposit.) The ISO shall update the list as necessary. The ISO shall also post on its website whether a request for a Competitive Entry Exemption was denied, or granted, as soon as its determination is final.

23.4.5.7.9.4.2 Concurrent with the ISO posting of its final determination, the Market Monitoring Unit shall publish a report on the ISO's determination in accordance with Section 30.4.6.2.12 of Attachment O to this Services Tariff.

23.4.5.7.9.5 Revocation

23.4.5.7.9.5.1 The submission of false, misleading, or inaccurate information, or the failure to submit requested information in connection with a request for a Competitive Entry Exemption shall constitute a violation of the Services Tariff. Such violation shall be reported, by the ISO, to the Market Monitoring Unit and to the Commission's Office of Enforcement (or any successor to its responsibilities).

23.4.5.7.9.5.2 Where the ISO reasonably believes that a request for a Competitive Entry Exemption was granted based on false, misleading, or inaccurate information, the ISO shall notify the Generator or UDR project that its Competitive Entry Exemption may be revoked, and provided 30 days written notice has been given to the Generator or UDR project (such notice to the extent practicable,) the ISO may revoke the Competitive Entry Exemption and apply the Mitigation Net CONE Offer Floor (such value calculated based on the date it first offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff.) Prior to the revocation of a Competitive Entry Exemption and the submission of a report to the Commission's Office of

Enforcement (or any successor to its responsibilities,) the ISO shall provide the Generator or UDR project an opportunity to explain any statement, information, or action. The ISO cannot revoke the Competitive Entry Exemption until after the 30 days written notice period has expired, unless ordered to do so by the Commission.

23.4.5.7.10 The ISO shall post on its website the identity of the project in a Mitigated Capacity Zone and the determination of either exempt or non-exempt as soon as the determination is final. Concurrent with the ISO's posting, the Market Monitoring Unit shall publish a report on the ISO's determinations, as further specified in Section 30.4.6.2.12 of Attachment O to this Services Tariff.

23.4.5.7.11 Mitigated UCAP that is subject to an Offer Floor shall remain subject to the requirements of Section 23.4.5.4, and if the Offer Floor is higher than the applicable offer cap shall submit offers not lower than the applicable Offer Floor.

23.4.5.7.12 Reserved for future use.

23.4.5.7.13 Renewable Exemption

23.4.5.7.13.1 Eligibility

23.4.5.7.13.1.1 An Examined Facility or an NCZ Examined Project, may request to be evaluated for a Renewable Exemption in the amount of its CRIS MW requested in the Class Year or which it expects to receive through a transfer of CRIS at the same location. For purposes of this Section 23.4.5.7.13, an Examined Facility or NCZ Examined Project for which the ISO receives such a request shall be referred to as a "Renewable Exemption Applicant." A UDR project may not be a Renewable Exemption Applicant. For purposes of this Section 23.4.5.7.13,

references to a Renewable Exemption Applicant's CRIS MW shall be understood to encompass Additional CRIS MW in cases where the Renewable Exemption Applicant is an existing Generator seeking a Renewable Exemption for Additional CRIS MW. An Examined Facility or an NCZ Examined Project that is a member of a Class Year may not request a Renewable Exemption in the same Class Year that it requests a Competitive Entry Exemption, and an Examined Facility or an NCZ Examined Project that is the expected transferee of CRIS being considered with a Class Year may not request a Renewable Exemption in respect of the same Class Year that it requests a Competitive Entry Exemption. The ISO shall evaluate requests for a Renewable Exemption from (x) members of Class Year 2015 that are received on or before April 28, 2016, (y) members of a Class Year after Class Year 2015 provided that the CRIS rights are received no later than the deadline by which the facility must notify the ISO of its election to enter the Class Year, such date as set forth in Section 25.5.9 of OATT Attachment S, and (z) expected recipients of transferred CRIS rights at the same location from which the ISO has been notified, by the transferor or the transferee, of a transfer pursuant to OATT Attachment S Section 25.9.4 that will be effective on a date within the Mitigation Study Period for the Class Year, provided that they are received no later than the Class Year Start Date for such Class Year. Examined Facilities and NCZ Examined Projects will not be evaluated for a Renewable Exemption if the ISO does not receive the request to be evaluated by the deadline established in accordance with the preceding sentence, or if the Examined Facility or NCZ

Examined Project also submits a request for a Competitive Entry Exemption prohibited by this paragraph.

A Generator that remains a member of a completed Class Year, if such Class Year is Class Year 2012 or a prior Class Year, shall not be eligible for a Renewable Exemption, except for Additional CRIS MW. Up to the quantity of CRIS MW specified by the Renewable Exemption Applicant in its exemption request shall be exempt from an Offer Floor if it remains a member of the completed Class Year (or if the transferee does not notify the ISO, on or before the date the Class Year is completed, that it no longer expects to be the recipient of the transferred CRIS) and the ISO determines that it meets the requirements of Section (a), subject to the limitation in Section (b) of this Section 23.4.5.7.13.1, and subject to Section 23.4.5.7.13.3.

(a) The Renewable Exemption Applicant:

(i) must have, for its Interconnection Queue position, a proposed design that is a Generator to be powered solely by a device that can qualify as an Intermittent Power Resource, or must be a Limited Control Run-of-River Resource, as such terms are (A) defined on the date by which the ISO must receive the request for a Renewable Exemption in accordance with Section 23.4.5.7.13.1.1,or (B) in the ISO's judgment, are reasonably expected to be defined at the time that the Renewable Exemption Applicant is first qualified as an Installed Capacity Supplier; and

(ii) (A) be proposed in the Class Year to be powered solely by a technology that is an Exempt Renewable Technology; or

(B) be determined by the ISO, in accordance with ISO Procedures, to have (1) high development costs, and (2) a low capacity factor such that there would be limited or no incentive and ability to develop the Renewable Exemption Applicant in order to artificially suppress capacity prices. The ISO shall make this determination by evaluating pertinent factors, including whether the reasonably projected costs of new entry and operation of the Renewable Exemption Applicant, net of the likely projected revenues from the sale of Capacity, Energy and Ancillary Services, and any other generally available revenues associated with the production of those products, are greater than the reasonably estimated cost savings to Loads due to a reduction in ICAP Market-Clearing Prices projected to result from the entry of the Renewable Exemption Applicant's requested CRIS MW (or CRIS MW to be transferred at the same location.)

(b) A total amount not exceeding 1,000 MW of Installed Capacity may be determined to be exempt pursuant to the Renewable Exemption in any one Class Year. This amount includes any amount for which an NCZ Examined Project is determined to be eligible at the time the ISO issues an Indicative Buyer Side Mitigation Determination pursuant to Section 23.4.5.7.2.2, or a determination pursuant to Section 23.4.5.7.2.1. If the ISO determines that more than 1,000 MW of Installed Capacity would be eligible for a Renewable Exemption for any one Class Year (including transferred CRIS at the same location) but for the 1,000 MW limitation, then each Renewable Exemption Applicant determined by the ISO to be eligible for a Renewable Exemption other than those that were also determined to be exempt pursuant to Sections 23.4.5.7.2(a) or (b) or Section

23.4.5.7.14, shall have only a portion of its evaluated CRIS MW exempted. Such portion of the 1,000 MW shall be the MW equal to the proportion of the CRIS MW for which the Renewable Exemptions were requested to the total Installed Capacity MW of those MW determined to be eligible for the Renewable Exemption for the Class Year that are not also determined to be exempt pursuant to Sections 23.4.5.7.2(a) or (b) or Section 23.4.5.7.14.

23.4.5.7.13.2 Periodic Review and Determination of Exempt Renewable Technologies

23.4.5.7.13.2.1 In each ICAP Demand Curve Reset Filing Year after 2016, the ISO shall conduct a periodic review, in accordance with this Section and ISO Procedures, to determine the technology types that should be Exempt Renewable Technologies for Class Years with a Class Year Start Date during the Capability Years covered by the ICAP Demand Curve periodic review conducted for the relevant ICAP Demand Curve Reset Filing Year.

23.4.5.7.13.2.1(a) The ISO's periodic review will identify, by Mitigated Capacity Zone, the technologies that, at the time of the periodic review, are technically feasible in the ISO Administered Markets (whether as a single unit, or a plant comprised of more than one unit) and that could qualify as either Intermittent Power Resources or Limited Control Run-of-River Hydro Resources ("candidate intermittent renewable technologies").

23.4.5.7.13.2.1(b): For each candidate intermittent renewable technology, the ISO's periodic review will reasonably project:

(i) the costs of new entry and operation;

(ii) the revenues from the sale of Capacity, Energy and Ancillary Services, and any other generally available revenues associated with the production of those products by it; and

(iii) the cost savings to Loads due to a reduction in ICAP Market-Clearing Prices from the new entry of the candidate intermittent renewable technology.

23.4.5.7.13.2.2 The ISO will utilize pertinent factors including results of the computation in accordance with Section 23.4.5.7.13.2.1(b) to determine, for each Mitigated Capacity Zone, which candidate intermittent renewable technologies have (a) high development costs and (b) a low capacity factor, such that considering (a) and (b) there is limited or no incentive and ability to develop the candidate intermittent renewable technology in order to artificially suppress capacity prices.

23.4.5.7.13.2.3 The ISO's periodic review shall provide for:

(a) The ISO's preliminary identification of candidate intermittent renewable technologies for stakeholder review and comment;

(b) The ISO's issuance of a draft list of recommended Exempt Renewable Technologies and the basis for the recommendation, for stakeholder and Market Monitoring Unit review and comment; (The responsibilities of the Market Monitoring Unit that are addressed in this section of the Services Tariff are also addressed in Section 30.4.6.2.12 of Attachment O to this Services Tariff.)

23.4.5.7.13.2.4 On or before the 60th day subsequent to the Commission issuance of an order accepting ICAP Demand Curves based on the ICAP Demand Curve periodic review, the ISO shall file with the Commission the results of its Exempt

Renewable Technology periodic review and determination pursuant to Section 23.4.5.7.13.2.2. If the ISO's determination of technology types that satisfy the provisions of Section 23.4.5.7.13.2.2 for any Mitigated Capacity Zone is different than the then-current definition of Exempt Renewable Technology, the ISO shall propose in the filing, for Commission review, a revised definition that is in accordance with its periodic determination, to be effective for Class Years with a Class Year Start Date during the Capability Years covered by the ICAP Demand Curve periodic review conducted for the relevant ICAP Demand Curve Reset Filing Year. The ISO's filing shall describe the basis for the ISO's determination.

23.4.5.7.13.3. Revocation

23.4.5.7.13.3.1 A Renewable Exemption Applicant that received a Renewable Exemption for any amount of CRIS MW shall notify the ISO in writing within five (5) business days if (a) at the time it first qualifies as an Installed Capacity Supplier, or at any time thereafter, it is not solely powered by the same technology based on which it was evaluated for a Renewable Exemption, or (b) at the time it first qualifies as an Installed Capacity Supplier it is not solely powered by a technology that is defined as an Intermittent Power Resource or Limited Control Run-of-River Hydro Resource, even if the Renewable Exemption Applicant was determined to be eligible because, at the time it was evaluated, the ISO expected the technology would become defined as an Intermittent Power Resource or Limited Control Run-of-River Hydro Resource. Upon notification, the ISO shall revoke the Renewable Exemption unless the Generator provides documentation with its notice in accordance with the prior sentence that

demonstrates, to the ISO's satisfaction, that after the change it will be solely powered by an Exempt Renewable Technology as such term is defined on the date that the Generator first transmits energy using the different technology. Upon revocation, the ISO shall apply the Mitigation Net CONE Offer Floor (such value calculated by the ISO based on the date that the Generator (or Additional CRIS MW) first offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff) to all offers of UCAP by the Generator or Additional CRIS MW subsequent to the deadline for Unforced Capacity certification prior to an ICAP Spot Market Auction (such date in accordance with ISO Procedures) next following revocation. Nothing in this paragraph shall relieve a Generator from or alter any obligation it may have under the ISO Tariffs or any other tariff, agreement, or regulation to obtain permissions, authorizations provide notifications, or take any other action in advance of changing the technology which powers it (in whole or in part.)

23.4.5.7.13.3.2 The failure to provide the ISO written notice in accordance with Section 23.4.5.7.13.3.1 shall constitute a violation of the Services Tariff. Such violation shall be reported by the ISO to the Market Monitoring Unit and to the Commission's Office of Enforcement (or any successor to its responsibilities.)

23.4.5.7.13.3.3 If a Generator has not provided notice in accordance with Section 23.4.5.7.13.3.1 and the ISO determines that the Generator is not solely powered by a technology as described Section 23.4.5.7.13.3.1, the ISO shall notify the Generator that its Renewable Exemption may be revoked, and provided 30 days

written notice has been given to the Generator (such notice to the extent practicable,) the ISO may revoke the Renewable Exemption. In the event of a revocation, the Mitigation Net CONE Offer Floor such value calculated by the ISO based on the date that the Generator or Additional CRIS MW) first offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff) shall apply to all offers of UCAP subsequent to the deadline for Unforced Capacity certification prior to an ICAP Spot Market Auction (such date in accordance with ISO Procedures) next following revocation. Prior to the revocation of a Renewable Exemption, the ISO shall provide the Generator an opportunity to respond to the ISO's determination. The ISO cannot revoke the Renewable Exemption until after the 30 days written notice period has expired, unless ordered to do so by the Commission.

23.4.5.7.13.4 Timing of Requests for a Renewable Exemption, Required Submittals, and Determinations

23.4.5.7.13.4.1 Requests for a Renewable Exemption must be received by the ISO no later than the deadline specified in Section 23.4.5.7.13.1. If any Examined Facility or NCZ Examined Project submits both a request for a Renewable Exemption and a Competitive Entry Exemption (*i.e.*, seeking to be considered for both exemptions at the same time,) the ISO shall not consider the request for a Renewable Exemption. The ISO may request additional information and updated information at any time regarding eligibility and continued eligibility. The Renewable Exemption Applicant (if after entry, the Generator) shall timely provide the information.

23.4.5.7.13.2 The ISO shall determine whether a Renewable Exemption Applicant is or is not eligible for a Renewable Exemption, and whether it is eligible or is not eligible for an exemption pursuant to Section 23.4.5.7.2(a) and (b) or Section 23.4.5.7.14, prior to the Initial Decision Period. The ISO shall determine prior to the Initial Decision Period, at each Subsequent Decision Period, and upon completion of the Class Year, whether more than 1,000 MW of Installed Capacity would be eligible for a Renewable Exemption (including MW of NCZ Examined Projects) in a Class Year but for the 1,000 MW limitation. If at the time of the ISO's issuance of initial determinations, or the completion of the Class Year, more than 1,000 MW, then remaining in the Class Year or associated with a transfer of CRIS at the same location, are eligible for a Renewable Exemption, the ISO shall (i) first, exclude from the 1,000 MW cap the CRIS MW of any Examined Facility or NCZ Examined Project that was determined to be exempt pursuant to Sections 23.4.5.7.2 (a), or (b) or Section 23.4.5.7.14, and (ii) second, issue an initial determination (prior to the Initial Decision Period or at the time of any Subsequent Decision Period) or a final determination (if a member of the completed Class Year, or if a transfer of CRIS rights at the same location unless the transferee has notified the ISO, on or before the date the Class Year is completed, that it no longer expects to be the recipient of the transferred CRIS) of the MW that will be exempt from an Offer Floor, equal to the proportion of the requested CRIS MW as determined in accordance with Section 23.4.5.7.13.1.1(b).

23.4.5.7.13.4.3 Determinations made pursuant to Section 23.4.5.7.13.4.2 shall be provided to the Renewable Exemption Applicants (other than NCZ Examined

Projects) concurrent with the issuance of determinations in accordance with Section 23.4.5.7.3.3, and for an NCZ Examined Project at the time of the ISO's determination pursuant to Section 23.4.5.7.2.1.

23.4.5.7.13.4.4 The ISO shall post on its website its determination of whether the Renewable Exemption Applicant has been determined to be exempt for any quantity of MW, and if exempt, the quantity of MW exempt, or non-exempt, from an Offer Floor as soon as the determination is final. Concurrent with the ISO's posting, the Market Monitoring Unit shall publish a report on the ISO's determination, as further specified in Section 30.4.6.2.12 of Attachment O to this Services Tariff.23.4.5.7.14 Self Supply Exemption

23.4.5.7.14.1 Eligibility

23.4.5.7.14.1.1 In order to be evaluated for a Self Supply Exemption, each of the following requirements must be satisfied, by the deadline, in the required form, and with the required information in accordance with ISO Procedures. If one or more of the requirements is not satisfied, the ISO shall not evaluate the request for a Self Supply Exemption.

(a) An Examined Facility or NCZ Examined Project, (for purposes of this Section 23.4.5.7.14 an "SSE Applicant") may request to be evaluated for a Self Supply Exemption for a specified quantity of MW up to the amount of the CRIS MW requested in the Class Year or, of which it is the expected recipient of transferred CRIS rights at the same location, in accordance with ISO Procedures. A UDR project may be a SSE Applicant. For purposes of this Section 23.4.5.7.14, references to a SSE Applicant's CRIS MW shall be understood to encompass

Additional CRIS MW in cases where the SSE Applicant is an existing Generator or UDR project seeking a Self Supply Exemption for Additional CRIS MW. The ISO will evaluate the request if the SSE Applicant is (i) a member of Class Year 2015 and its request is received on or before April 28, 2016, (ii) a member of a Class Year after Class Year 2015 and its request is received no later than the deadline by which a facility must notify the ISO of its election to enter the Class Year, such date as set forth in Section 25.5.9 OATT Attachment S, or (iii) an expected recipient of transferred CRIS rights at the same location and the ISO has been notified, by the transferor or the transferee, of a transfer pursuant to OATT Attachment S Section 25.9.4 that will be effective on a date within the Mitigation Study Period for the Class Year, provided that the request is received no later than the Class Year Start Date for such Class Year. An Examined Facility or an NCZ Examined Project that is a member of a Class Year may not request a Self Supply Exemption in the same Class Year that it requests a Competitive Entry Exemption, and an Examined Facility or an NCZ Examined Project that is the expected transferee of CRIS being considered with a Class Year may not request a Self Supply Exemption in respect of the same Class Year that it requests a Competitive Entry Exemption.

A proposed new Generator or UDR project that remained a member of Class Year 2012 or a prior Class Year at the time of the completion of such Class Year, shall not be eligible to request or receive a Self Supply Exemption except in relation to a request for Additional CRIS MW.

(b) If the SSE Applicant is not the wholly owned property of the Self Supply LSE(s), or the wholly owned property of an entity that is wholly owned by the Self Supply LSE(s) or that wholly owns the Self Supply LSE(s), it must have a Long Term Contract (in accordance with Subsection (1) of this Section 23.4.5.7.14.1.1(b)(1) with the Self Supply LSE(s) that shall obligate the SSE Applicant to provide the capacity forming the basis for its eligibility for a Self Supply Exemption. Such an SSE Applicant must make its Self Supply Exemption request jointly, in a single request, with the Self Supply LSE(s) with which it has a Long Term Contract. If the proposed SSE Applicant is the wholly owned property of the Self Supply LSE(s), or the wholly owned property of an entity that is wholly owned by the Self Supply LSE(s) or that wholly owns the Self Supply LSE(s), then the SSE Applicant must provide documentation at the time it requests the exemption that demonstrates to the reasonable satisfaction of the ISO that it has a statutory, regulatory, or organizational obligation to provide Energy and Capacity to meet the Self Supply LSE's (or Self Supply LSEs') ICAP Obligation(s).

(1) Long Term Contract: For the purposes of a Self Supply Exemption, a "Long Term Contract" shall mean (i) a fully executed contract between the SSE Applicant that is a proposed new or existing Generator and a Self Supply LSE that is joining it in requesting the exemption, pursuant to which the SSE Applicant is obligated to provide to the Self Supply LSE (or LSEs if more than one Self Supply LSE,) for a minimum of 10 years, Installed Capacity in an amount greater than or equal to the CRIS MW for which the Self Supply Exemption is requested; or (ii) a fully executed contract between a Self Supply Applicant that is a

proposed new or existing UDR project and a Self Supply LSE (or LSEs if more than one Self Supply LSE,) that is joining it in requesting the exemption, pursuant to which the Self Supply LSE(s) will have all rights to the UDRs and the use of the facility, for a minimum of 10 years, in the amount greater than or equal to the CRIS MW for which the Self Supply Exemption is requested.

(c) The Self Supply Applicant's request for a Self Supply Exemption must specify the total quantity of CRIS MW for which it is requesting a Self Supply Exemption, and such quantity shall not exceed the MW of CRIS requested by it in the Class Year, or the quantity of the transferred CRIS rights at the same location it expects to receive. If there is more than one Self Supply LSE associated with the request for a Self Supply Exemption received from an SSE Applicant then: (i) the request shall identify the quantity of MW associated with each Self Supply LSE, and (ii) the total quantity of MW associated with the Self Supply LSEs shall not exceed the total MW for which the SSE Applicant requests a Self Supply Exemption. (d) All Certification and Acknowledgement(s) required by Section 23.4.5.7.14.2 must be received at the same time as the request for a Self Supply Exemption, in accordance with ISO Procedures, along with other data and information requested by the ISO.

23.4.5.7.14.1.2 The lesser of (i) the quantity of CRIS MW for which the Self Supply Exemption was requested and (ii) the quantity determined in accordance with Section 23.4.5.7.14.3 shall be exempt from an Offer Floor if the SSE Applicant is a member of the Class Year at the time of its completion and the ISO determines that the request satisfies all of the following requirements:

(a) The proposed Generator or UDR project terminus will be, or the existing Generator or UDR project terminus is, electrically located in the same Mitigated Capacity Zone in which the Self-Supply LSE has Projected ICAP Requirements (as such term is defined in Section 23.4.5.7.14.1.3),

(b) The SSE Applicant and the Developer are not and will not be owned, in whole or in part, by an LSE or an Affiliate of an LSE unless such entity is a Self Supply LSE.

(c) The SSE Applicant provides the completed Certification and Acknowledgement form set forth in Section 23.4.5.7.14.2.1 or 23.4.5.7.14.2.3, as applicable to it and its request for a Self Supply Exemption, and satisfies each requirement stated therein. If the SSE Applicant is not the wholly owned property of the Self Supply LSE(s), or the wholly owned property of an entity that is either wholly owned by the Self Supply LSE(s), or that wholly owns the Self Supply LSE(s), then both the SSE Applicant and the Self Supply LSE(s) provide the applicable completed Certification and Acknowledgement form set forth in Section 23.4.5.7.14.2 and satisfy each requirement stated therein. The ISO must receive the required completed Certification and Acknowledgement forms, in accordance with ISO Procedures, (i) if the SSE Applicant is a member of Class Year 2015 and its request is received on or before April 28, 2016, (ii) no later than the deadline by which the SSE Applicant must notify the ISO of its election to enter the Class Year, such date as set forth in Section 25.5.9 of OATT Attachment S, or (iii) if the Self Supply LSE is an expected recipient of transferred CRIS rights at the same location that will be effective on a date within the Mitigation Study Period for the

Class Year, no later than the Class Year Start Date of such Class Year. All other information requested by the ISO must also be timely received.

(d) The ISO determines that the Self Supply LSE satisfies both the Net Short Threshold set forth in Section 23.4.5.7.14.3.1 and the Net Long Threshold set forth in Section 23.4.5.7.14.3.2 for a specified quantity of CRIS MW.

(e) The SSE Applicant certifies that it does not have any contract, agreement, arrangement, or relationship (for purposes of this Section 23.4.5.7.14.1.2(e), and the Certification and Acknowledgment in Section 23.4.5.7.14.2, a "contract") for any material (in whole or in aggregate) payments, concessions, rebates, or subsidies, connected to or contingent on the SSE Applicant's: (i) construction or operation, except as expressly permitted in Subsection (A) or (B) of this Section, or (ii) clearing in the ISO's Installed Capacity market except as expressly permitted in Subsection (B).

(A) An SSE Applicant will not be ineligible for a Self Supply Exemption if it has an executed contract, is associated with a contract, or there is a contract associated with it, that is listed in (I) through (VIII) of this Section that provides for a material payment, concession, rebate or subsidy, and either (i) is not irregular or anomalous, and only reflects arms-length transactions, or (ii) is consistent with the overall objectives of the Self Supply Exemption.

Listed contracts:

(I) an Interconnection Agreement;

(II) an agreement for the construction or use of interconnection facilities or transmission or distribution facilities, or directly connected joint use transmission

or distribution facilities (including contracts required for compliance with Articles VII or 10 of the New York State Public Service Law or orders issued pursuant to Articles VII or 10);

(III) a grant of permission by any department, agency, instrumentality, or political subdivision of New York State to bury, lay, erect or construct wires, cables or other conductors, with the necessary poles, pipes or other fixtures in, on, over or under public property;

(IV) a contract for the sale or lease of real property at or above fair market value as of the date of the agreement was executed, such value demonstrated by an independent appraisal at the time of execution prepared by an accountant or appraiser with specific experience in such valuations;

(V) an easement or license to use real property;

(VI) a contract, with any department, agency, instrumentality, or political subdivision of New York State providing for a payment-in-lieu of taxes (*i.e.*, a "PILOT" agreement) or industrial or commercial siting incentives, such as tax abatements or financing incentives, provided the PILOT agreement or incentives are generally available to industrial or commercial entities;

(VII) a service agreement for natural gas entered into under a tariff accepted by a regulatory body with jurisdiction over that service; or

(VIII) a service agreement entered into under a tariff accepted by a regulatory body with jurisdiction over that service at a regulated rate for electric Station Power, or steam service, excluding an agreement for a rate that is a negotiated rate pursuant to any such regulated electric, or steam tariff.

(B) An SSE Applicant that requests a Self Supply Exemption with only one Self Supply LSE will not be ineligible for a Self Supply Exemption if the contract(s) that otherwise would render it ineligible under any clause of Section 23.4.5.7.14.2 is (or are) with its Self Supply LSE.

(C) Contract Review Opportunity

(i) (1) A proposed new Generator or UDR project or an existing Generator or UDR project for Additional CRIS that is reasonably expected to be eligible to enter the immediately following Class Year or be the recipient of transferred CRIS rights at the same location on a date within the Mitigation Study Period of such Class Year, and that in connection with its own Load or for the Load of one or more Self Supply LSE(s) is planning on requesting a Self Supply Exemption; (2) an SSE Applicant that is in a Class Year that is not completed (in accordance with Section 25.5.9 of the OATT; or (3) an SSE Applicant that received a Self Supply Exemption, may request that the ISO inform it whether, in the ISO's view, any specific executed contract, unexecuted but substantially developed contract, or any pending request that if approved, granted, or otherwise conferred, would constitute a contract pursuant to Subsection 23.4.5.7.14.1.2 (e)(i) and (e)(ii) would make it ineligible to obtain or (if previously granted) retain a Self Supply Exemption. Any such request must satisfy all of the following requirements:

(a) The SSE Applicant (unless it is for its own Load) must make any such request jointly with any Self Supply LSE(s) with which it has executed or has an unexecuted but substantially developed Long Term Contract. Any such Self

Supply LSE(s) must make any such request jointly with the SSE Applicant, or proposed new or existing Generator or UDR project, with which it would seek, or has sought, a Self Supply Exemption.

(b) As part of the submission of the request for a determination pursuant to Subsection (a) of this Section, the SSE Applicant, or proposed new or existing Generator or UDR project, and any relevant Self Supply LSE(s) as applicable, must provide the ISO with all information regarding the contract or pending request regarding which it is requesting the ISO's view, and if the request is made jointly with a Self Supply LSE, the executed or unexecuted and substantially developed Long Term Contract that would form the basis of a Self Supply Exemption Request, including copies of original documentation. In addition and at the time of the submission of the request, the SSE Applicant, or proposed new or existing Generator or UDR project, and any relevant Self Supply LSE shall also provide any other information identified by the ISO in accordance with ISO Procedures. They also must timely provide any further information that is requested by the ISO.

(c) Such requests can only be submitted to the ISO on or after the date established by the ISO in accordance with ISO Procedures, such date to be at least 60 days prior to the date that the ISO anticipates will be the deadline by which facilities must notify the ISO of their election to enter a Class Year (such Class Year deadline pursuant to Section 25.5.9 of OATT Attachment S.)

(ii) Provided that the ISO has timely received all of the information it needs to make a determination, the ISO shall state its view in response to such requests within 60 days.

(iii) When evaluating any such request, the ISO shall consult with the Market Monitoring Unit. (The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.12 of Attachment O to this Services Tariff.)

23.4.5.7.14.2 Certifications and Acknowledgements

23.4.5.7.14.2.1 An SSE Applicant that is not the wholly owned property of the Self Supply LSE(s), or the wholly owned property of an entity that is either wholly owned by the Self Supply LSE(s), or that wholly owns the Self Supply LSE(s), and that is requesting a Self Supply Exemption shall submit the following completed Certification and Acknowledgment form. The submission must be received by the ISO by the deadline pursuant to Section 23.4.5.7.14.1.2(c), and thereafter upon the request of the ISO, in accordance with ISO Procedures. The Self Supply Applicant shall be legally bound by the Certification and Acknowledgement form which must be executed by a duly authorized officer:

CERTIFICATION AND ACKNOWLEDGMENT

I [NAME & TITLE] hereby certify on behalf of myself, [NAME OF PROJECT], and [NAME OF DEVELOPER] that each of the following statements is true and correct:

1. I am an officer whose responsibilities include the development of the [EXAMINED FACILITY OR NCZ EXAMINED PROJECT, New York Independent System Operator, Inc.'s ("NYISO") Interconnection queue position Number [INSERT NUMBER] (the "Project").

2. I am duly authorized to make representations concerning the Project, including each of the certifications and acknowledgements that I have made in this document.

3. I hereby [REQUEST ON BEHALF OF] the Developer, a Self Supply Exemption for [MW REQUESTED FOR THE SELF SUPPLY EXEMPTION] for the Project in connection with [LOAD SERVING ENTITY THAT IS THE SELF SUPPLY LSE].

4. I have reviewed and I understand the requirements established under the NYISO Market Administration and Control Area Services Tariff ("Services Tariff") related to a "Self Supply Exemption" pursuant to Section 23.4.5.7.14.

5. I have personal knowledge of the facts and circumstances supporting the Project's request and eligibility for a Self Supply Exemption as of the date of this Certification and Acknowledgment, including all data and other information submitted by the Project to the NYISO.

6. [NAME OF DEVELOPER] is not owned in whole or in part by, and is not an Affiliate (as Affiliate is defined in Section 2.1 of the Services Tariff) of, a Load Serving Entity [OTHER THAN THE LOAD SERVING ENTITY THAT IS THE SELF SUPPLY LSE].

7. [NAME OF PROJECT] has a Long Term Contract (as such term is defined in Services Tariff Section23.4.5.7.14.1.1 (b)(1)) with the Self Supply LSE[s], that is [are] the subject of the request for a Self Supply Exemption.

8. To the best of my knowledge and having conducted due diligence that is current as of the date of this Certification there is no contract, arrangement, arrangement, or relationship (for purposes of Section 23.4.5.7.14. 2(e) of the Services Tariff, and this Certification and Acknowledgment, a "contract") for any material (in whole or in aggregate) payments, concessions, rebates or subsidies connected to or contingent on the [PROJECT's]: (i) construction or operation, except as expressly permitted in Subsection (A) or (B) of Section 23.4.5.7.14.1. 2(e) of the Services Tariff, or (ii) clearing in the NYISO's Installed Capacity market except as expressly permitted in Subsection (B) of Section 23.4.5.7.14. 1.2(e).

9. I have listed in Schedule 1 to this Certification all contracts that involve payments, concessions, rebates, or subsidies connected to or contingent upon the [PROJECT'S] construction or operation that are not material or that are otherwise expressly permissible under Subsection (A) or (B) of Section 23.4.5.7.14.1.2(e).

10. The Project shall provide any information or cooperation requested by the NYISO in connection with the Project's request for a Self Supply Exemption.

I hereby acknowledge on behalf of myself, [INSERT NAME OF PROJECT], and [NAME OF DEVELOPER] that:

a. The submission of false, misleading, or inaccurate information, or the failure to submit information requested by the NYISO related to the Project's request for a Self Supply Exemption, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the Project, shall constitute a violation of Section 4.1.7 of the Services Tariff, and subject to the Commission's review, a violation of the Commission's regulations and Section 316A of the Federal Power Act.

b. If the Project submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the Project, it shall cease to be eligible for a Self Supply Exemption and, if the Project has already received a Self Supply Exemption, that exemption shall be subject to revocation by the NYISO or the Commission after which the Project shall be subject to an Offer Floor set at the Mitigation Net CONE Offer Floor (such value calculated based on the date it first Offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff,) starting with the next following deadline for Unforced Capacity certification prior to an ICAP Spot Market Auction subsequent to the date of revocation (such date in accordance with ISO Procedures) pursuant to Section 23.4.5.7.9.5 of the Services Tariff.

c. If the Project submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to information contained or submitted in the Certification and Acknowledgement on behalf of the Project, it may be subject to civil penalties that may be imposed by the Commission for violations of Section 4.1.7 of Services Tariff, the Commission's rules, and/or Section 316A of the Federal Power Act.

_____

[PRINT NAME]
[DATE]

Subscribed and sworn to before me
this [ ] day of [MONTH] [YEAR].

_____

Notary Public

My commission expires: _____

23.4.5.7.14.2.2 A Self Supply LSE that has a Long Term Contract (as such term is defined in Section 23.4.5.14.1(b)(1)) with an SSE Applicant shall submit to the ISO the following completed Certification and Acknowledgement Form as part of the SSE Applicant's request for a Self Supply Exemption and thereafter upon the request of the ISO, in accordance with ISO Procedures. The Self Supply LSE shall be legally bound by the completed Certification and Acknowledgement form which must be executed by a duly authorized officer:

CERTIFICATION AND ACKNOWLEDGMENT

I [NAME & TITLE] hereby certify on behalf of myself and [NAME OF SELF SUPPLY LSE] (the "LSE") that each of the following statements is true and correct:

1. I am an officer whose responsibilities include overseeing the capacity supply portfolio and obligations, and addressing Load requirements of the [LSE], and LSE's Long Term Contract (as such term is defined in Services Tariff Section23.4.5.7.14.1.1 (b)(1))with [EXAMINED FACILITY or NCZ EXAMINED PROJECT], New York Independent System Operator, Inc.'s ("NYISO") Interconnection queue position Number [INSERT NUMBER] (the "Project").

2. I am duly authorized to make representations concerning the capacity supply portfolio, and obligations, Load requirements of [the LSE], and LSE's Long Term Contract with the Project (the "Subject Long Term Contract"), including each of the certifications and acknowledgements that I have made in this document**.**

3. I hereby [REQUEST ON BEHALF OF] the LSE, a Self Supply Exemption for [MW REQUESTED FOR THE SELF SUPPLY EXEMPTION] for the Project associated with the Subject Long Term Contract.

4. I have reviewed and I understand the requirements established under the NYISO Market Administration and Control Area Services Tariff ("Services Tariff") related to a "Self Supply Exemption" pursuant to Section 23.4.5.7.14.

5. I have personal knowledge of the facts and circumstances supporting the Subject Long Term Contract and LSE's Load Obligations and supply obligations related to the Project's request and eligibility for a Self Supply Exemption as of the date

of this Certification and Acknowledgment, including all data and other information submitted by LSE to the NYISO.

6. The LSE is a Self Supply LSE [INSERT SUBSECTION OF DEFINITION BY WHICH THE LSE MEETS THE REQUIREMENTS OF THAT TERM] of that term.

7. [NAME OF DEVELOPER] [is // is not] owned in part by, and [is // is not] an Affiliate (as Affiliate is defined in Section 2.1 of the Services Tariff) of, LSE. Appendix A to this Certification and Acknowledgement fully and completely sets forth and describes the organizational relationship between or among LSE, Developer and the Project, or any Affiliate of the foregoing entities in relation to the project; and any ownership or investment interest of LSE, Developer, and the Project, in either of the other entities, or any of the Affiliates thereof in relation to the Project.

8. [NAME OF PROJECT] and LSE are parties to the Subject Long Term Contract.

9. To the best of my knowledge and having conducted due diligence that is current as of the date of this Certification there are no arrangements for any payments or subsidies, that are directly or indirectly tied to the Unforced Capacity from the Project clearing in the NYISO's Installed Capacity market other than those between the [NAME OF DEVELOPER],[PROJECT] and [SELF SUPPLY LSE] that is provided to the ISO with this Certification and Acknowledgement [and other than agreements between [NAME OF DEVELOPER], [PROJECT] and [NAME OF OTHER SELF SUPPLY LSE(S) ASSOCIATED WITH THE SELF SUPPLY APPLICANT'S REQUEST FOR A SELF SUPPLY EXEMPTION].

10. I have listed in Schedule 1 to this Certification all contracts that involve payments, concessions, rebates, or subsidies connected to or contingent upon the [PROJECT'S] construction or operation that are not material or that are otherwise expressly permissible under Subsection (A) or (B) of Section 23.4.5.7.14.1.2(e).

11. LSE shall provide any information or cooperation requested by the NYISO in connection with the LSE and the Project's request for a Self Supply Exemption.

I hereby acknowledge on behalf of myself and LSE that:

a. The submission of false, misleading, or inaccurate information, or the failure to submit information requested by the NYISO related to the LSE's and the Project's request for a Self Supply Exemption, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the Project, shall constitute a violation of Section 4.1.7 of the Services Tariff, and subject to the Commission's review, a violation of the Commission's regulations and Section 316A of the Federal Power Act.

b. If the LSE or the Project submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to

information contained or submitted in this Certification and Acknowledgement on behalf of the LSE, the Project shall cease to be eligible for a Self Supply Exemption in respect of Subject Long Term Contract and, if the Project has already received a Self Supply Exemption, that exemption shall be subject to revocation by the NYISO or the Commission after which the Project shall be subject to an Offer Floor set at the Mitigation Net CONE Offer Floor (such value calculated based on the date it first Offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff,) starting with the next following deadline for Unforced Capacity certification prior to an ICAP Spot Market Auction subsequent to the date of revocation (such date in accordance with ISO Procedures) pursuant to Section 23.4.5.7.9.5 of the Services Tariff.

c. If the LSE submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to information contained or submitted in the Certification and Acknowledgement on behalf of the Project, it may be subject to civil penalties that may be imposed by the Commission for violations of Section 4.1.7 of Services Tariff, the Commission's rules, and/or Section 316A of the Federal Power Act.

_____

[PRINT NAME]
[DATE]

Subscribed and sworn to before me
this [ ] day of [MONTH] [YEAR].

_____

Notary Public

My commission expires: _____

23.4.5.7.14.2.3 An SSE Applicant that is the wholly owned property of the Self Supply LSE, or the wholly owned property of an entity that is either wholly owned by the Self Supply LSE, or that wholly owns the Self Supply LSE, and that is requesting a Self Supply Exemption shall submit the following completed Certification and

Acknowledgment Form. The submission must be received by the ISO by the deadline pursuant to Section 23.4.5.7.14.1.2(c), and thereafter upon the request of the ISO, in accordance with ISO Procedures. The Self Supply Applicant shall be legally bound by the following Certification and Acknowledgement form which must be executed by a duly authorized officer:

CERTIFICATION AND ACKNOWLEDGMENT

I [NAME & TITLE] hereby certify on behalf of myself, [NAME OF PROJECT], and [NAME OF DEVELOPER/LSE] that each of the following statements is true and correct:

1. I am an officer whose responsibilities include; (i) the development of the [EXAMINED FACILITY or NCZ EXAMINED PROJECT], New York Independent System Operator, Inc.'s ("NYISO") Interconnection queue position Number [INSERT NUMBER] (the "Project"); and (ii) overseeing the capacity supply portfolio and obligations, and addressing Load Obligations of the Self Supply LSE and its obligations to serve retail customers.

2. I am duly authorized to make representations concerning the Project and the capacity supply portfolio, and obligations, Load requirements of [the DEVELOPER/LSE], including, if applicable the Long Term Contract between the Project and any entity performing the Self Supply LSE function (the "Subject Long Term Contract"), and also including each of the certifications and acknowledgements that I have made in this document.

3. I hereby [REQUEST ON BEHALF OF] the [DEVELOPER/LSE], a Self Supply Exemption for [MW REQUESTED FOR THE SELF SUPPLY EXEMPTION] for the Project associated with [DEVELOPER/LSE'S] self supply arrangements, including, if applicable, any Subject Long Term Contract.

4. I have reviewed and I understand the requirements established under the NYISO Market Administration and Control Area Services Tariff ("Services Tariff") related to a "Self Supply Exemption" pursuant to Section 23.4.5.7.14.

5. I have personal knowledge of the facts and circumstances supporting: (i) the Project's request and eligibility for a Self Supply Exemption; and (ii) the Load Obligations and supply obligations related to the Project's request and eligibility for a Self Supply Exemption, as of the date of this Certification and Acknowledgment, including all data and other information submitted by the Project and by [DEVELOPER/LSE] to the NYISO.

6. The LSE is a Self Supply LSE pursuant to Section [INSERT SUBSECTION OF DEFINITION BY WHICH THE LSE MEETS THE REQUIREMENTS OF THAT TERM] of that term.

7. [NAME OF DEVELOPER/LSE] is not owned in whole or in part by, and is not an Affiliate (as Affiliate is defined in Section 2.1 of the Services Tariff) of, any other Load Serving Entity. Appendix A to this Certification and Acknowledgement fully and completely sets forth and describes the organizational relationship between [DEVELOPER/LSE's] Self Supply LSE and Developer functions or affiliates and the Project.

8. To the best of my knowledge and having conducted due diligence that is current as of the date of this Certification there is not any contract, agreement, arrangement, or relationship (for purposes of Section 23.4.5.7.14.1. 2(e), and this Certification and Acknowledgment, a "contract") for any material (in whole or in aggregate) payments, concessions, rebates, or subsidies, connected to or contingent on the [PROJECT's]: (i) construction or operation, except as expressly permitted in Subsection (A) or (B) of Section 23.4.5.7.14.1.2(e) of the Services Tariff, or (ii) clearing in the NYISO's ICAP market except as expressly permitted in Subsection (B) of Section 23.4.5.7.14.1.2(e).

9. I have listed in Schedule 1 to this Certification all contracts that involve payments, concessions, rebates, or subsidies connected to or contingent upon the [PROJECT'S] construction or operation that are not material or that are otherwise expressly permissible under Subsection (A) or (B) of Section 23.4.5.7.14.1.2(e).

10. The Project and [DEVELOPER/LSE] shall provide any information or cooperation requested by the NYISO in connection with the Project's request for a Self Supply Exemption.

I hereby acknowledge on behalf of myself, [INSERT NAME OF PROJECT], and [NAME OF DEVELOPER/LSE] that:

a. The submission of false, misleading, or inaccurate information, or the failure to submit information requested by the NYISO related to the Project's and [DEVELOPER/LSE's] request for a Self Supply Exemption, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the Project, shall constitute a violation of Section 4.1.7 of the Services Tariff, and subject to the Commission's review, a violation of the Commission's regulations and Section 316A of the Federal Power Act.

b. If the DEVELOPER/LSE or the Project submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to information contained or submitted in this Certification and Acknowledgement on behalf of the Project, it shall cease to be eligible for a Self Supply Exemption and, if the Project has already received a Self Supply Exemption, that exemption shall be subject to revocation by the NYISO or the Commission after which the Project shall be subject to an Offer Floor set at the Mitigation Net CONE Offer Floor (such value calculated based on the date it first Offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of the Services Tariff,) starting with the next following deadline for Unforced Capacity certification prior to an ICAP Spot Market Auction subsequent to the date of revocation (such date in accordance with ISO Procedures) pursuant to Section 23.4.5.7.9.5 of the Services Tariff.

c. If the DEVELOPER/LSE or the Project submits false, misleading, or inaccurate information, or fails to submit requested information to the NYISO, including but not limited to information contained or submitted in the Certification and Acknowledgement on behalf of the Project, it may be subject to civil penalties that may be imposed by the Commission for violations of Section 4.1.7 of Services Tariff, the Commission's rules, and/or Section 316A of the Federal Power Act.

_____

[PRINT NAME]
[DATE]

Subscribed and sworn to before me
this [ ] day of [MONTH] [YEAR].

_____

Notary Public

My commission expires: _____

23.4.5.7.14.3 Net Short Threshold and Net Long Threshold

For the purposes of Section 23.4.5.7.14.3, "SSE Evaluated ICAP" shall mean the quantity of MW of CRIS for which a Self Supply Exemption is requested by an individual Self Supply LSE (or by an SSE Applicant in respect of its own Load) in accordance with Section 23.4.5.7.14.1.1(c), unless reduced as follows: If (i) following a notice that an additional System Deliverability Upgrade study(ies) will be conducted in accordance with Section 25.7.7.1 of the OATT, an SSE Applicant elects to keep its CRIS request but with no System Deliverability Upgrade identified to make the project fully deliverable (as provided for in Section 25.7.7.1(3),) and (ii) the total quantity of MW of CRIS for which the Self Supply Exemption is requested exceeds the total amount of Deliverable MW, as specified in the next Class Year Interconnection Facilities Study report, the ISO shall reduce the total quantity of MW of CRIS for which a Self Supply Exemption is requested to the total amount of Deliverable MW identified in such Interconnection Facilities Study Report. If there is more than one LSE associated with the SSE Applicant, the ISO shall reduce the quantity of MW of CRIS for each Self Supply LSE by the ratio of Deliverable MW to the total MW of CRIS for which Self Supply exemptions were initially requested.

The ISO shall compute the Net Short Threshold and Net Long Threshold, and determine whether each is satisfied, based on its computation of each of the values specified in this Section.

If there is more than one Self Supply LSE associated with the SSE Applicant's request for a Self Supply Exemption, the MW associated with each Self Supply LSE shall be considered separately.

If the Self Supply LSE or its Affiliates are associated with more than one request for a Self Supply Exemption in the Class Year (including any associated with a transfer of CRIS at the same location,) and the Self Supply LSE and its Affiliates satisfy the Net Long Threshold in a non-zero amount that is greater than the "Cumulative Affiliated Quantity" (as defined in Section 23.4.5.7.14.3,) then remaining in the Class Year, the ISO shall reduce the quantity of MW for which they are eligible to receive a Self Supply Exemption by the ratio of (a) the quantity of MW by which the Self Supply LSE and its Affiliates satisfy the Net Long Threshold, to (b) the Cumulative Affiliated Quantity associated with SSE Applicant(s) then remaining in the Class Year or associated with a transfer of CRIS at the same location (provided the transferee does not notify the ISO, on or before the date the Class Year is completed, that it no longer expects to be the recipient of the transferred CRIS.)

For the purposes of Section 23.4.5.7.14.3, "Projected ICAP Requirements" is the reasonably projected ICAP MW that the Self Supply LSE and all its Affiliates will be required to purchase in each Locality and the NYCA. Such projection shall be based on the Self Supply LSE's and all its Affiliates' share(s) of the Locational Minimum Unforced Capacity Requirements and the NYCA Minimum Unforced Capacity Requirement, as applicable and in accordance with ISO Procedures, over the three most recently completed Capability Years preceding the Class Year Start Date. Such projection shall also reflect that ICAP MW purchased in a Locality may be used to meet capacity requirements for each Locality in which they are contained, as well as for the NYCA.

When calculating the Self Supply LSE's and all its Affiliates' Projected ICAP Requirements, each of their shares of the Locational Minimum Unforced Capacity Requirements and the NYCA Minimum Unforced Capacity Requirement over these three Capability Years shall be translated to their ICAP MW equivalent(s) using the derating factor that was applied to translate the Installed Capacity Requirement into the Unforced Capacity Requirement in the same Capability Period and Locality, or the NYCA if applicable, in which the purchase was made.

For the purposes of Section 23.4.5.7.14.3, "Excess Award Percentage" is the reasonably projected amount of excess capacity that the Self Supply LSE and all its Affiliates will be required to purchase in each Locality, and the NYCA, expressed as a percentage of its "Projected ICAP Requirements", Such projection shall be based on the total excess UCAP MW awarded in each ICAP Spot Market Auction, divided by the Locational Minimum Unforced Capacity Requirement, or the NYCA Minimum Unforced Capacity Requirement, for the same Capability Period and Locality (or the NYCA) in which the award was made, over the three most recent completed Capability Years preceding the Class Year Start Date.

For the purposes of Section 23.4.5.7.14.3, "Capacity Obligations without Entry", calculated for each Locality and the NYCA, is the product of (a) Projected ICAP Requirements and (b) one plus the Excess Award Percentage.

For the purposes of Section 23.4.5.7.14.3, "Capacity Obligations with Entry", calculated for each Locality and the NYCA, is the product of (a) Projected ICAP Requirements and (b) one plus the Excess Award Percentage, adjusted to reflect the projected increase in excess that the Self Supply LSE would be obligated to purchase as a result of the entry of the SSE Applicant.

For the purposes of Section 23.4.5.7.14.3, “Self Supply Capacity” for a given Locality (or the NYCA,) is (a) the full amount of ICAP MW associated with each Generator or UDR project that the Self Supply LSE or any of its Affiliates own directly or indirectly, in at least a 50.01% interest (in the aggregate) as of the Class Year Start Date, or have the power to direct the management or policies of, excluding any whose CRIS MW are projected by the ISO to be expired on or before the date that marks the end of Mitigation Study Period, based on a demonstration by the Self Supply LSE, and (b) the ICAP MW that the Self Supply LSE and all its Affiliates are reasonably projected by the ISO to receive, including ICAP MW which they have a call option to receive, either by way of ownership or under “Existing Long Term Commitments” in that Locality (or the NYCA), and that are associated with a Generator or UDR project that the Self Supply LSE or any of its Affiliates do not own directly or indirectly, at least a 50.01% interest (in the aggregate) as of the Class Year Start Date, and that they do not have the power to direct the management or policies of, excluding those that are associated with any Expected Retirement. For purposes of Self Supply Capacity, “Existing Long Term Commitments” is the amount of Capacity that the Self Supply LSE or any of its Affiliates are projected by the ISO to receive, including ICAP which they have a call option to receive, under a written agreement (whether stated in ICAP or otherwise,) with a minimum term of ten years, and a minimum of six years remaining thereon on the Class Year Start Date. When calculating the term and remaining term of a written agreement for the purposes of this section, the ISO, using its independent judgment and at its sole discretion, will determine whether to reflect in its calculation any potential extension to the current term of a written agreement that may reasonably result from renewal provisions.

For the purposes of Section 23.4.5.7.14.3, “Additional Self Supply Capacity”, for a given Locality (or the NYCA,) is the ICAP MW of a Generator or UDR project that were granted a Self Supply Exemption at the time of the completed Class Year based on the Self Supply LSE or any of its Affiliates’ being a Self Supply LSE for such Generator or UDR project, in the 10 year period immediately preceding the Class Year Start Date of the Class Year, in that Locality (or the NYCA), excluding: (i) any ICAP MW that are included in Self Supply Capacity, (ii) any ICAP MW associated with a Generator or UDR project that the Self Supply LSE and any of its Affiliates own directly or indirectly, at least a 50.01% interest(in the aggregate) as of the Class Year Start Date, or have the power to direct the management or policies of, and that the CRIS of which is projected by the ISO to be expired on or before the date that marks the end of Mitigation Study Period, based on a demonstration by the Self Supply LSE; and (iii) any ICAP MW of a Generator or UDR project that neither the Self Supply LSE nor any of its Affiliates own directly or indirectly, at least a 50.01% interest (in the aggregate) as of the Class Year Start Date, or have the power to direct the management or policies of, and that is an Expected Retirement.

23.4.5.7.14.3.1 Net Short Threshold

The Net Short Threshold will be satisfied for the “SSE Evaluated ICAP” if the ISO determines that, summed over all Localities and the NYCA, the Self Supply LSE’s and all of its Affiliates’ “Total Capacity Costs without Entry” are expected to be less than the Self Supply LSE’s and all of its Affiliates’ “Total Capacity Costs with Entry”.

23.4.5.7.14.3.1.1 The ISO will calculate the estimated “Total Capacity Costs without Entry” as the sum over all Localities, and the NYCA, of the product of (a) the

"ICAP Spot Auction Price without Entry" and (b) the "Capacity Exposed to Market Prices without Entry".

(a) "ICAP Spot Market Auction Price without Entry" shall be based on the ICAP Spot Market Auction prices for each Locality and the NYCA, averaged over the three most recently completed Capability Years preceding the Class Year Start Date.

(b) "Capacity Exposed to Market Prices without Entry" is calculated for each Locality and the NYCA as:

"Capacity Obligations without Entry" for each Locality and the NYCA, translated from ICAP MW into UCAP MW using the average derating factor for each Locality and the NYCA corresponding to the ICAP Spot Market Auctions used to determine the ICAP Spot Market Auction Price without Entry;

minus

"Self Supply Capacity" for each Locality and the NYCA, translated from ICAP MW into UCAP MW using a derating factor, as determined by the ISO, that is reasonably anticipated to be associated with ICAP Suppliers included in this Self Supply Capacity;

minus

"Additional Self Supply Capacity" for each Locality and the NYCA, translated from ICAP MW into UCAP MW using a derating factor, as determined by the ISO, that is reasonably anticipated to be associated with ICAP Suppliers included in this Additional Self Supply Capacity;

23.4.5.7.14.3.1.2 The ISO will calculate “Total Capacity Costs with Entry” as the sum of “Proportional Entry Costs” and the sum over all Localities, and the NYCA, of the product of (a) “ICAP Spot Market Auction Price With Entry” and (b) “Capacity Exposed to Market Prices With Entry”.

“Proportional Entry Costs” is the percentage of the Unit Net CONE (expressed in dollars) of the SSE Applicant (calculated in accordance with Section 23.4.5.7.3 if an Examined Facility, or in accordance with Section 23.4.5.7.2.1 if an NCZ Examined Project, or in accordance with Section 23.4.5.7.6.1 if Additional CRIS MW) that is equal to the SSE Evaluated ICAP divided by the total MW of CRIS requested by the SSE Applicant in the Class Year.

(a) The “ICAP Spot Market Auction Price with Entry” shall be based on the ICAP Spot Market Auction prices calculated for each Locality and the NYCA, averaged over the three most recently completed Capability Years preceding the Class Year Start Date, and adjusted to reflect the entry of the SSE Applicant.

(b) the “Capacity Exposed to Market Prices with Entry” is calculated for each Locality and the NYCA as:

“Capacity Obligations with Entry” for each Locality and the NYCA, translated from ICAP MW into UCAP MW using the average derating factor for each Locality and the NYCA corresponding to the ICAP Spot Market Auctions used to determine the ICAP Spot Market Auction Price with Entry;

minus

“Self Supply Capacity” for each Locality and the NYCA, translated from ICAP MW into UCAP MW using a derating factor, as determined by the ISO, that is reasonably

anticipated to be associated with ICAP Suppliers included in this Self Supply Capacity;

minus

"Additional Self Supply Capacity" for each Locality and the NYCA, translated from ICAP MW into UCAP MW using a derating factor, as determined by the ISO, that is reasonably anticipated to be associated with ICAP Suppliers included in this Additional Self Supply Capacity;

minus

"SSE Evaluated ICAP", translated from ICAP MW into UCAP MW using a derating factor, as determined by the ISO that is reasonably anticipated to be associated with the SSE Applicant.

23.4.5.7.14.3.2 Net Long Threshold

If the Self Supply LSE and any of its Affiliates are associated with more than one Self Supply Exemption Request in the Class Year, the Net Long Threshold determination will be made based on the sum of the Self Supply LSE's and all of its Affiliates' SSE Evaluated ICAP ("Cumulative Affiliated Quantity") prior to the Initial Decision Period. The ISO shall recalculate the Cumulative Affiliated Quantity prior to the ISO's issuance of a Revised Project Cost Allocation Subsequent Decision Period if any SSE Applicant with which it is associated is no longer in the Class Year.

For each Mitigated Capacity Zone containing the location of the SSE Applicant, the ISO will determine the largest amount of SSE Evaluated ICAP MW that is (a) less than or equal to the sum of the Self Supply LSE's and all of its Affiliates' "SSE Evaluated ICAP" and (b) for which the Self Supply LSE's and all of its Affiliates' "Total Self Supply Capacity" is less than or

equal to the "Future Capacity Obligation." The Net Long Threshold will be satisfied for the smallest of these determined amounts of SSE Evaluated ICAP MW, and will be considered not satisfied if the smallest of these amounts is less than or equal to zero.

(i) The "Total Self Supply Capacity" is the sum, in each Mitigated Capacity Zone, of ICAP MW of (A) Self Supply Capacity, (B) Additional Self-Supply Capacity, and (C) the cumulative quantity of the Self Supply LSE's and all of its Affiliates' SSE Evaluated ICAP.

(ii) the "Future Capacity Obligation" is the product of (A) ICAP MW of Capacity Obligations without Entry, and (B) the higher of (x) one plus the "10 year growth rate of peak demand" and (y) one plus one percent. The "10 year growth rate of peak demand" shall be determined based on the longest available NYSO Baseline forecast of non-coincident peak demand for the corresponding Mitigated Capacity Zone found in the "Baseline Forecast of Non-Coincident Peak Demand" table, or its successor in the most current Gold Book, published by the Class Year Start Date of the Class Year, for each Mitigated Capacity Zone.

23.4.5.7.14.4 Timing of Determinations

23.4.5.7.14.4.1 Determinations.

(a) Prior to the Initial Decision Period, the ISO shall determine whether all or a portion of the MW specified in the request for a Self Supply Exemption is eligible for a Self Supply Exemption in accordance with Section 23.4.5.7.14.1.2. If the ISO determines that all or a portion of the CRIS MW for which a Self Supply Exemption was requested is not eligible for a Self Supply Exemption, the ISO shall make a determination in accordance with Section 23.4.5.7.3.2 prior to the

commencement of the Initial Decision Period, and prior to the ISO's issuance of a Revised Project Cost Allocation. When evaluating eligibility for a Self Supply Exemption, the ISO shall consult with the Market Monitoring Unit. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.12 of Attachment O to this Services Tariff.

(b) Determinations made pursuant to Section 23.4.5.7.14.4 shall be provided to the SSE Applicant concurrent with the issuance of determinations in accordance with Section 23.4.5.7.3.3, and to an NCZ Examined Project at the time of the ISO's determination pursuant to Section 23.4.5.7.2.1.

(c) The ISO shall post on its web site and concurrently notify the Self Supply LSE of the ISO's determination of exempt, and if exempt the quantity of MW exempted, or non-exempt, from an Offer Floor as soon as the determination is final. Concurrent with the ISO's posting, the Market Monitoring Unit shall publish a report on the ISO's determination, as further specified in Sections 30.4.6.2.12 of Attachment O to this Services Tariff.

23.4.5.7.14.5 Revocation of a Self Supply Exemption

(a) If, at the time prior to the SSE Applicant first producing or transmitting, Energy it or the Self Supply LSE no longer satisfies the requirements of Section 23.4.5.7.14.1(b) or no longer meets the requirements of the Acknowledgement and Certification, the SSE Applicant and the Self Supply LSE shall notify each other and other ISO in writing within 3 business days of the event or basis for the failure to meet the requirements for a Self Supply Exemption. Upon notification,

the ISO shall revoke the Self Supply Exemption and apply the Mitigation Net CONE Offer Floor (such value calculated based on the date it first offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of this Services Tariff.)

(b) The failure to provide the ISO written notice in accordance with Section 23.4.5.7.14.5(a) shall constitute a violation of the Services Tariff. Such violation shall be reported by the ISO to the Market Monitoring Unit and to the Commission's Office of Enforcement (or any successor to its responsibilities.)

(c) Where the ISO reasonably believes that a request for a Self Supply Exemption was granted based on (i) false, misleading, or inaccurate information, or (ii) the Self Supply LSE's inclusion within "Self Supply Capacity" (as that term is used in Section 23.4.5.7.14.3) of a Generator or UDR project's capacity that was identified by the Self Supply LSE whose CRIS was projected to expire before the end of the Mitigation Study Period but has not expired on or before the date that marked the end of the Mitigation Study Period, the ISO shall notify the SSE Applicant and the Self Supply LSE that the Self Supply Exemption may be revoked. Provided that 30 days written notice has been given to the SSE Applicant (such notice to the extent practicable,) the ISO may revoke the Self Supply Exemption and apply the Mitigation Net CONE Offer Floor (such value calculated based on the date the SSE Applicant first offers UCAP, in accordance with Section 23.4.5.7.3.7, and adjusted annually in accordance with Section 23.4.5.7 of this Services Tariff.) Prior to the revocation of a Self Supply Exemption and the submission of a report to the Commission's Office of

Enforcement (or any successor to its responsibilities,) the ISO shall provide the SSE Applicant an opportunity to explain any statement, information, or action, and if a statement information or action of the Self Supply LSE, it shall also provide an opportunity to that entity. The ISO cannot revoke the Self Supply Exemption until after the 30 days written notice period has expired, unless ordered to do so by the Commission.