

Attachment I

2.13 Definitions - M

Major Emergency State: An Emergency accompanied by abnormal frequency, abnormal voltage and/or equipment overloads that create a serious risk that the reliability of the NYS Power System could be adversely affected.

Marginal Losses: The NYS Transmission System Real Power Losses associated with each additional MWh of consumption by Load, or each additional MWh transmitted under a Bilateral Transaction as measured at the Points of Withdrawal.

Marginal Losses Component: The component of LBMP at a bus that accounts for the Marginal Losses, as measured between that bus and the Reference Bus.

Market-Clearing Price: The price determined in an Installed Capacity auction for each ISO-defined Locality, the remainder of the NYCA and each adjacent External Control Area for which all offers to sell and bids to purchase Unforced Capacity are in equilibrium.

Market Mitigation and Analysis Department: A department, internal to the ISO, that is responsible for participating in the ISO's administration of its Tariffs. The Market Mitigation and Analysis Department's duties are described in Section 30.3 of the Market Monitoring Plan that is set forth in Attachment O to this Services Tariff.

Market Monitoring Unit: "Market Monitoring Unit" shall have the same meaning in this ISO Services Tariff as it has in the Market Monitoring Plan that is set forth in Attachment O to this Services Tariff.

Market Participant: An entity, excluding the ISO, that produces, transmits, sells, and/or purchase for resale Unforced Capacity, Energy or Ancillary Services in the Wholesale Market. Market Participants include: Transmission Customers under the ISO OATT, Customers under the ISO Services Tariff, Power Exchanges, Transmission Owners, Primary Holders, LSEs, Suppliers and their designated agents. Market Participants also include entities buying or selling TCCs.

Market Problem: An issue which requires notification to Market Participants, the Commission and the Market Monitoring Unit pursuant to Section 3.5.1 of this Services Tariff. It includes market design flaws, software implementation and modeling anomalies or errors, market data anomalies or errors, and economic inefficiencies that have a material effect on the ISO-administered markets or transmission service. The term does not include erroneous Energy or Ancillary Services prices (which are managed through procedures outlined in Attachment E to the Services Tariff) or erroneous customer settlements.

Market Services: Services provided by the ISO under the ISO Services Tariff related to the ISO Administered Markets for Energy, Capacity and Ancillary Services.

MCZ Import Constrained Locality: A Mitigated Capacity Zone that is also an Import Constrained Locality.

Member Systems: The eight Transmission Owners that comprised the membership of the New York Power Pool, which are: (1) Central Hudson Gas & Electric Corporation, (2) Consolidated Edison Company of New York, Inc., (3) New York State Electric & Gas Corporation, (4) Niagara Mohawk Power Corporation d/b/a National Grid, (5) Orange and Rockland Utilities, Inc., (6) Rochester Gas and Electric Corporation, (7) the Power Authority of the State of New York, and (8) Long Island Lighting Company d/b/a Long Island Power Authority.

Minimum Generation Bid: A two-parameter Bid that identifies the minimum operating level a Supplier requires to operate a Generator, and the payment a Supplier requires to operate its Generator at that level, or the minimum quantity of Demand Reduction a Demand Side Resource requires to provide Demand Reduction and the payment the Supplier requires to provide that level of Demand Reduction. If the Supplier is a BTM:NG Resource, it shall not submit a Minimum Generation Bid.

Minimum Generation Level: For purposes of describing the eligibility of ten minute Resources to be committed by the Real Time Dispatch for pricing purposes pursuant to the Services Tariff, Section 4.4.3.3, an upper bound, established by the ISO, on the physical minimum generation limits specified by ten minute Resources. Ten minute Resources with physical minimum generation limits that exceed this upper bound will not be committed by the Real Time Dispatch for pricing purposes. The ISO shall establish a Minimum Generation Level based on its evaluation of the extent to which it is meeting its reliability criteria including Control Performance. The Minimum Generation Level, in megawatts, and the ISO's rationale for that level, shall be made available through the ISO's website or comparable means. If the Supplier is a BTM:NG Resource, it shall not submit a Minimum Generation Level.

Minimum Payment Nomination: An offer, submitted by a Responsible Interface Party, in dollars per Megawatt-hour and not to exceed \$500 per Megawatt-hour, to reduce Load equal to the Installed Capacity Equivalent of the amount of Unforced Capacity a Special Case Resource is supplying to the NYCA.

Mitigated Capacity Zone: New York City and any Locality added to the definition of "Locality" accepted by the Commission on or after March 31, 2013.

Modified Wheeling Agreement ("MWA"): A Transmission Wheeling Agreement between Transmission Owners that was in existence at the time of ISO start-up, as amended and modified as described in Attachment K. Modified Wheeling Agreements are associated with Generators or power supply contracts existing at ISO start-up. All Modified Wheeling Agreements are listed in Attachment L, Table 1A, and are designated in the "Treatment" column of Table 1A, as "MWA".

Monthly Auction: An auction administered by the ISO pursuant to Section 5.13.3 of the ISO Services Tariff.

Monthly Average Coincident Load ("Monthly ACL"): Beginning with the Summer 2014 Capability Period, the Load value calculated for each month during a Capability Period applicable to a Special Case Resource with a reported Incremental Average Coincident Load. The Monthly ACL is an average of the SCR's metered hourly Load that is supplied by the NYS

Transmission System and/or the distribution system and reported for the Monthly SCR Load Zone Peak Hours applicable to such SCR. The calculation and verification data reporting requirements are provided in Section 5.12.11.1.5 of this Services Tariff and ISO Procedures. Any Load supported by generation produced from a Local Generator, other behind-the-meter generator, or other supply source located behind the meter operating during the Monthly SCR Zone Load Peak Hours may not be included in the metered Load values reported for the Monthly ACL.

Monthly Net Benefit Offer Floor: The price, in \$/MWh, determined by the ISO pursuant to Section 4.2.1.9 of the ISO Services Tariff and ISO Procedures, below which offers submitted by Demand Reduction Providers shall not be evaluated in the ISO's Security Constrained Unit Commitment.

Monthly SCR Load Zone Peak Hours: Beginning with the Summer 2014 Capability Period, the top forty (40) coincident peak hours for each month within a Capability Period that include hour beginning eleven through hour beginning nineteen as identified by the ISO for each Load Zone; provided, however, that such hours shall not include (i) hours in which Special Case Resources located in the specific Load Zone were called by the ISO to respond to a reliability event or test, (ii) hours for which the Emergency Demand Response Program resources were deployed by the ISO in each specific Load Zone and (iii) in descending rank order of NYCA Load up to a maximum of eight hours per month, a) the hour before the start time of a reliability event or performance test, in which SCRs located in the specific Load Zone were called by the ISO to respond to a reliability event or performance test, or b) the hour immediately following the end time of such reliability event or performance test.

Mothball Outage: The outage state in which a Market Participant's Generator is voluntarily removed from service on or after May 1, 2015, with applicable prior notice, for reasons not related to equipment failure. A Generator in Mothball 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.

2.14 Definitions - N

Native Load Customers: The wholesale and retail power customers of the Transmission Owners on whose behalf the Transmission Owners, by statute, franchise, regulatory requirement, or contract, have undertaken an obligation to construct and operate the Transmission Owners' systems to meet the reliable electric needs of such customers.

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

NCZ Study Capability Period: The Summer Capability Period that begins five years from May 1 in a calendar year including an NCZ Study Start Date.

NCZ Study Start Date: September 1 or the next business day thereafter in the calendar year prior to an ICAP Demand Curve Reset Filing Year.

Neptune Scheduled Line: A transmission facility that interconnects the NYCA to the PJM Interconnection LLC Control Area at Levittown, Town of Hempstead, New York and terminates in Sayerville, New Jersey.

NERC: The North American Electric Reliability Council or, as applicable, the North American Electric Reliability Corporation.

Net Auction Revenue: As defined in the ISO OATT.

Net Average Coincident Load (“Net ACL”): The effective Average Coincident Load calculated and used by the ISO for a Special Case Resource during a specific month in which a SCR Change of Status was reported for the resource or, beginning with the Summer 2014 Capability Period, an Incremental Average Coincident Load was reported for the resource.

Net Benefits Test: The monthly calculations performed by the ISO in accordance with Section 4.2.1.9 of the ISO Services Tariff and ISO Procedures to determine the Monthly Net Benefit Offer Floor, the threshold price at which the dispatch of demand response resources meets the test required by Commission Order 745.

Net Congestion Rent: As defined in the ISO OATT.

Net Installed Capacity (“Net-ICAP”): The amount of Installed Capacity that a BTM:NG Resource has demonstrated (in accordance with ISO Procedures) it is capable of supplying in accordance with Section 5.12.6.1 of this Tariff, used to determine its Net Unforced Capacity.

Net Unforced Capacity (“Net-UCAP”): The amount of Unforced Capacity a BTM:NG Resource can offer in the ISO’s Installed Capacity market.

Network Integration Transmission Service: The Transmission Service provided under Part 4 of the ISO OATT.

New Capacity Zone (“NCZ”): A single Load Zone or group of Load Zones that is proposed as a new Locality, and for which the ISO shall establish a Demand Curve.

New York City: The electrical area comprised of Load Zone J, as identified in the ISO Procedures.

New York Control Area (“NYCA”): The Control Area that is under the control of the ISO which includes transmission facilities listed in the ISO/TO Agreement Appendices A-1 and A-2, as amended from time-to-time, and generation located outside the NYS Power System that is subject to protocols (e.g., telemetry signal biasing) which allow the ISO and other Control Area operator(s) to treat some or all of that generation as though it were part of the NYS Power System.

New York Power Pool (“NYPP”): An organization established by agreement (the “New York Power Pool Agreement”) made as of July 21, 1966, and amended as of July 16, 1991, by and among Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Long Island Lighting Company, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation, and the Power Authority of the State of New York. LIPA became a Member of the NYPP on May 28, 1998 as a result of the acquisition of the Long Island Lighting Company by the Long Island Power Authority.

New York State Bulk Power Transmission Facility: This term shall have the meaning given in Attachment Y to the OATT.

New York State Power System (“NYS Power System”): All facilities of the NYS Transmission System, and all those Generators located within the NYCA or outside the NYCA, some of which may from time-to-time be subject to operational control by the ISO.

New York State Reliability Council (“NYSRC”): An organization established by agreement among the Member Systems to promote and maintain the reliability of the NYS Power System.

New York State Reliability Council Agreement (“NYSRC Agreement”): The agreement which established the NYSRC.

New York State Transmission System (“NYS Transmission System”): The entire New York State electric transmission system, which includes: (1) the Transmission Facilities Under ISO Operational Control; (2) the Transmission Facilities Requiring ISO Notification; and (3) all remaining transmission facilities within the NYCA.

Non-Competitive Proxy Generator Bus: A Proxy Generator Bus for an area outside of the New York Control Area that has been identified by the ISO as characterized by non-competitive Import or Export prices, and that has been approved by the Commission for designation as a Non-Competitive Proxy Generator Bus. Non-Competitive Proxy Generator Buses are identified in Section 4.4.4 of the Services Tariff., as set forth in Section 4.4.2.2 of the MST

Non-Firm-Point-To-Point Transmission Service: Point-To-Point Transmission Service for which a Transmission Customer is not willing to pay Congestion. Such service is not available in the markets that the NYISO administers.

Non-Investment Grade Customer: A Customer that does not meet the criteria necessary to be an Investment Grade Customer, as set forth in Section 26.3 of Attachment K to this Services Tariff.

Non-Utility Generator ("NUG," "Independent Power Producer" or "IPP"): Any entity that owns or operates an electric generating facility that is not included in an electric utility's rate base. This term includes, but is not limited to, cogenerators and small power producers and all other non-utility electricity producers, such as exempt wholesale Generators that sell electricity.

Normal State: The condition that the NYS Power System is in when the Transmission Facilities Under ISO Operational Control are operated within the parameters listed for Normal State in the Reliability Rules. These parameters include, but are not limited to, thermal, voltage, stability, frequency, operating reserve and Pool Control Error limitations.

Normal Upper Operating Limit (UOL_N): The upper operating limit that a Generator, except for the Generator of a BTM:NG Resource, indicates it expects to be able to reach, or the upper operating limit a BTM:NG Resource indicates it expects to be able to inject into the grid after serving its Host Load and subject to its Injection Limit, or the maximum amount of demand that a Demand Side Resource expects to be able to reduce, during normal conditions. Each Resource will specify its UOL_N in its Bids which shall be reduced when the Resource requests that the ISO derate its Capacity or the ISO derates the Resource's Capacity. A Normal Upper Operating Limit may be submitted as a function depending on one or more variables, such as temperature or pondage levels, in which case the Normal Upper Operating Limit applicable at any time shall be determined by reference to that schedule.

Northport-Norwalk Scheduled Line: A transmission facility that originates at the Northport substation in New York and interconnects the NYCA to the ISO New England Control Area at the Norwalk Harbor substation in Connecticut.

Notice of Intent to Return: The notice a Supplier with a Generator that is in a Mothball Outage or ICAP Ineligible Forced Outage provides to the ISO, pursuant to ISO Procedures, that gives the date by which it intends to return to the Energy market, which proposed return date shall be no later than the expiration date of the Generator's Mothball Outage or ICAP Ineligible Forced Outage.

NPCC: The Northeast Power Coordinating Council.

NRC: The Nuclear Regulatory Commission or any successor thereto.

NYCA Installed Reserve Margin: The ratio of the amount of additional Installed Capacity required by the NYSRC in order for the NYCA to meet NPCC reliability criteria to the forecasted NYCA upcoming Capability Year peak Load, expressed as a decimal.

NYCA Minimum Installed Capacity Requirement: The requirement established for each Capability Year by multiplying the NYCA peak Load forecasted by the ISO by the quantity one plus the NYCA Installed Reserve Margin.

NYCA Minimum Unforced Capacity Requirement: The Unforced Capacity equivalent of the NYCA Minimum Installed Capacity Requirement.

NYPA: The Power Authority of the State of New York.

NYPA Tax-Exempt Bonds: Obligations of the New York Power Authority, the interest on which is not included in gross income under the Internal Revenue Code.

2.18 Definitions - R

Ramp Capacity: The amount of change in the Desired Net Interchange that generation located in the NYCA can support at any given time. Ramp capacity may be calculated for all Interfaces between the NYCA and neighboring Control Areas as a whole or for any individual Interface between the NYCA and an adjoining Control Area.

RCRR TCC: As defined in the ISO OATT.

Reactive Power (MVar): The product of voltage and the out-of-phase component of alternating current. Reactive Power, usually measured in MVar, is produced by capacitors (synchronous condensers), Qualified Non-Generator Voltage Support Resources, and over-excited Generators and absorbed by reactors or under-excited Generators and other inductive devices including the inductive portion of Loads.

Real Power Losses: The loss of Energy, resulting from transporting power over the NYS Transmission System, between the Point of Injection and Point of Withdrawal of that Energy.

Real-Time Bid: A Bid submitted into the Real-Time Commitment before the close of the Real-Time Scheduling Window. A Real-Time Bid shall also include a CTS Interface Bid.

Real-Time Commitment (“RTC”): A multi-period security constrained unit commitment and dispatch model that co-optimizes to solve simultaneously for Load, Operating Reserves and Regulation Service on a least as-bid production cost basis over a two hour and fifteen minute optimization period. The optimization evaluates the next ten points in time separated by fifteen minute intervals. Each RTC run within an hour shall have a designation indicating the time at which its results are posted; “RTC₀₀,” “RTC₁₅,” “RTC₃₀,” and “RTC₄₅” post on the hour, and at fifteen, thirty, and forty-five minutes after the hour, respectively. Each RTC run will produce binding commitment instructions for the periods beginning fifteen and thirty minutes after its scheduled posting time and will produce advisory commitment guidance for the remainder of the optimization period. RTC₁₅ will also establish hourly External Transaction schedules, while all RTC runs may establish 15 minute External Transaction schedules at Variably Scheduled Proxy Generator Buses. Additional information about RTC’s functions is provided in Section 4.4.2 of this ISO Services Tariff.

Real-Time Dispatch (“RTD”): A multi-period security constrained dispatch model that co-optimizes to solve simultaneously for Load, Operating Reserves, and Regulation Service on a least-as-bid production cost basis over a fifty, fifty-five or sixty-minute period (depending on when each RTD run occurs within an hour). The Real-Time Dispatch dispatches, but does not commit, Resources, except that RTD may commit, for pricing purposes, Resources meeting Minimum Generation Levels and capable of starting in ten minutes. RTD may also establish 5 minute External Transaction schedules at Dynamically Scheduled Proxy Generator Buses. Real-Time Dispatch runs will normally occur every five minutes. Additional information about RTD’s functions is provided in Section 4.4.3 of this ISO Services Tariff. Throughout this ISO Services Tariff the term “RTD” will normally be used to refer to both the Real-Time Dispatch and to the specialized Real-Time Dispatch Corrective Action Mode software.

Real-Time Dispatch–Corrective Action Mode (“RTD-CAM”): A specialized version of the Real-Time Dispatch software that will be activated when it is needed to address unanticipated system conditions. RTD-CAM is described in Section 4.4.4 of this ISO Services Tariff.

Real-Time LBMP: The LBMPs established through the ISO Administered Real-Time Market.

Real-Time Market: The ISO Administered Markets for Energy and Ancillary Services resulting from the operation of the RTC and RTD.

Real-Time Minimum Run Qualified Gas Turbine: One or more gas turbines, offered in the Real-Time Market, which, because of their physical operating characteristics, may qualify for a minimum run time of two hours in the Real-Time Market. Characteristics that qualify gas turbines for this treatment are established by ISO Procedures and include using waste heat from the gas turbine-generated electricity to make steam for the generation of additional electricity via a steam turbine.

Real-Time Scheduled Energy: The quantity of Energy that a Supplier is directed to inject or withdraw in real-time by the ISO. Injections are indicated by positive Base Point Signals and withdrawals are indicated by negative Base Point Signals. Unless otherwise directed by the ISO, Dispatchable Supplier’s Real-Time Scheduled Energy is equal to its RTD Base Point Signal, or, if it is providing Regulation Service, to its AGC Base Point Signal, and an ISO Committed Fixed or Self-Committed Fixed Supplier’s Real-Time Scheduled Energy is equal to its bid output level in real-time.

Real-Time Scheduling Window: The period of time within which the ISO accepts offers and bids to sell and purchase Energy and Ancillary Services in the Real-Time Market for a given hour which period closes seventy-five (75) minutes before the start of that hour, or eighty-five (85) minutes before the start of that hour for Bids to schedule External Transactions at the Proxy Generator Buses associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Linden VFT Scheduled Line, or the HTP Scheduled Line.

Reconfiguration Auction: As defined in the ISO OATT.

Reference Bus: The location on the NYS Transmission System relative to which all mathematical quantities, including Shift Factors and penalty factors relating to physical operation, will be calculated. The NYPA Marcy 345 kV transmission substation is designated as the Reference Bus.

Reference Month: For purposes of the Net Benefits Test, the calendar month that is twelve months prior to the Study Month.

Regulation Capacity: The Energy or Demand Reduction capability, measured in MW, that a Regulation Service provider offers and/or which it is scheduled to provide for Regulation Service.

Regulation Capacity Market Price: The price for Regulation Capacity determined by the ISO pursuant to section 15.3 of this Services Tariff.

Regulation Capacity Response Rate: The Regulation Capacity a Resource is capable of providing over five minutes, measured in MW/minute which shall not exceed the lowest normal energy response rate provided for the Resource and which must be sufficient to permit that Resource to provide the Regulation Capacity (in MW) offered within a five-minute RTD interval. Reference to a Regulation response rate shall be a reference to the Regulation Capacity Response Rate.

Regulation Movement: The absolute value of the change in Energy or Demand Reduction over a six second interval, measured in MW, that a Regulation Service provider is instructed to deliver for the purpose of providing Regulation Service.

Regulation Movement Market Price: The price for Regulation Movement as determined by the ISO pursuant to section 15.3 of this Services Tariff.

Regulation Movement Multiplier: A factor with the value of thirteen (13), used with the Regulation Movement Bids, to schedule Regulation Service providers in both the Day-Ahead and Real-Time Energy markets. The ISO calculates the Regulation Movement Multiplier based on the historical relationship between the number of MW of Regulation Capacity that the ISO seeks to maintain in each hour and the number of Regulation Movement MW instructed by AGC in each hour.

Regulation Movement Response Rate: The amount of Regulation Movement a Regulation Service provider is capable of delivering in six seconds which shall not be less than, but can be equal to or greater than, the Regulation Capacity Response Rate equivalent.

Regulation Service: The Ancillary Service defined by the Commission as “frequency regulation” and that is instructed as Regulation Capacity in the Day-Ahead Market and as Regulation Capacity and Regulation Movement in the Real-Time Market as is further described in Section 15.3 of the Services Tariff. Day-Ahead and Real-Time Bids to provide Regulation Service shall include a Bid for Regulation Capacity and a Bid for Regulation Movement. The Regulation Service requirement or target level shall be for MW of Regulation Capacity.

Regulation Service Demand Curve: A series of quantity/price points that defines the maximum Shadow Price for Regulation Service corresponding to each possible quantity of Resources that the ISO’s software may schedule to satisfy the ISO’s Regulation Service constraint. A single Regulation Service Demand Curve will apply to both the Day-Ahead Market and the Real-Time Market for Regulation Service. The Shadow Price for Regulation Service shall be used to calculate Regulation Service payments under Rate Schedule 3 of this ISO Services Tariff.

Regulation Revenue Adjustment Charge (“RRAC”): A charge that will be assessed against certain Generators that are providing Regulation Service under Section 15.3.6 of Rate Schedule 3 to this ISO Services Tariff.

Regulation Revenue Adjustment Payment (“RRAP”): A payment that will be made to certain Generators that are providing Regulation Service under Section 15.3.6 of Rate Schedule 3 to this ISO Services Tariff.

Reliability Rules: Those rules, standards, procedures and protocols developed and promulgated by the NYSRC, including Local Reliability Rules, in accordance with NERC, NPCC, FERC, PSC and NRC standards, rules and regulations and other criteria and pursuant to the NYSRC Agreement.

Repair Plan: A work plan, set of actions, and time frame for such actions, that is necessary to repair a Generator and return it to service as described in Section 5.18.1 of this Services Tariff.

Required System Capability: Generation capability required to meet an LSE's peak Load plus Installed Capacity Reserve obligation as defined in the Reliability Rules.

Reserve Performance Index: An index created by the ISO for the purpose of calculating the Day Ahead Margin Assurance Payment pursuant to Attachment J of this Services Tariff made to Demand Side Resources scheduled to provide Operating Reserves in the Day-Ahead Market.

Residual Adjustment: The adjustment made to ISO costs that are recovered through Schedule 1 of the OATT. The Residual Adjustment is calculated pursuant to Schedule 1 of the OATT.

Residual Capacity Reservation Right ("RCRR"): As defined in the ISO OATT.

Residual Transmission Capacity: As defined in the ISO OATT.

Resource: An Energy Limited Resource, Generator, Installed Capacity Marketer, Special Case Resource, Intermittent Power Resource, Limited Control Run of River Hydro Resource, municipally-owned generation, System Resource, BTM:NG Resource, Demand Side Resource or Control Area System Resource.

Responsible Interface Party ("RIP"): A Customer that is authorized by the ISO to be the Installed Capacity Supplier for one or more Special Case Resources and that agrees to certain notification and other requirements as set forth in this Services Tariff and in the ISO Procedures.

Rest of State: The set of all non-Locality NYCA LBMP Load Zones. As of the 2014/2015 Capability Year, Rest of State includes all NYCA LBMP Load Zones other than LBMP Load Zones G, H, I, J and K.

Retired: A Generator that has permanently ceased operating on or after May 1, 2015 either: i) pursuant to applicable notice; or ii) as a result of the expiration of its Mothball Outage or of its ICAP Ineligible Forced Outage.

RMR Agreement: shall have the meaning specified in Section 1.18 of the ISO's Open Access Transmission Tariff.

RMR Avoidable Costs: shall have the meaning specified in Section 1.18 of the ISO's Open Access Transmission Tariff.

RMR Generator: shall have the meaning specified in Section 1.18 of the ISO's Open Access Transmission Tariff.

Rolling RTC: The RTC run that is used to schedule a given 15-minute External Transaction. The Rolling RTC may be an RTC00, RTC15, RTC30 or RTC45 run.

2.19 Definitions - S

Safe Operations: Actions which avoid placing personnel and equipment in peril with regard to the safety of life and equipment damage.

Scarcity Reserve Demand Curve: A series of quantity/price points that defines the maximum Shadow Price for Operating Reserves to meet a Scarcity Reserve Requirement for which the pricing rules established in Section 15.4.6.1.1(b) of Rate Schedule 4 of this ISO Services Tariff apply corresponding to each possible quantity of Resources that the ISO's software may schedule to satisfy that requirement. A single Scarcity Reserve Demand Curve will apply to the Real-Time Market for each such Scarcity Reserve Requirement.

Scarcity Reserve Region: A Load Zone or group of Load Zones containing EDRP and/or SCRs that have been called by the ISO to address the same reliability need, as such reliability need is determined by the ISO.

Scarcity Reserve Requirement: A 30-Minute Reserve requirement established by the ISO for a Scarcity Reserve Region in accordance with Rate Schedule 4 of this ISO Services Tariff.

Scheduled Energy Injections: As defined in the ISO OATT.

Scheduled Energy Withdrawals: As defined in the ISO OATT.

Scheduled Line: A transmission facility or set of transmission facilities: (a) that provide a distinct scheduling path interconnecting the ISO with an adjacent control area, (b) over which Customers are permitted to schedule External Transactions, (c) for which the ISO separately posts TTC and ATC, and (d) for which there is the capability to maintain the Scheduled Line actual interchange at the DNI, or within the tolerances dictated by Good Utility Practice. Each Scheduled Line is associated with a distinct Proxy Generator Bus. Transmission facilities shall only become Scheduled Lines after the Commission accepts for filing revisions to the NYISO's tariffs that identify a specific set or group of transmission facilities as a Scheduled Line. The transmission facilities that are Scheduled Lines are identified in Section 4.4.4 of the Services Tariff.

SCR Aggregation: One or more Special Case Resources registered by the Responsible Interface Party at a single PTID, with the Load of each Special Case Resource electrically located within the same single Load Zone and the total of all Loads at the PTID greater than or equal to 0.1 MW.

SCR Change of Load: A decrease in the Load of the SCR that meets the criteria of a Qualified Change of Load Condition and the SCR Load Change Reporting Threshold in accordance with this Services Tariff and results in a total Load reduction, within the range of hours that corresponds with the Capability Period SCR Load Zone Peak Hours, and the total Load reduction persists for more than seven (7) and less than or equal to sixty (60) continuous days from the first date of the reduction of the Load.

SCR Change of Status: The decrease to be treated as an adjustment to the applicable Average Coincident Load of a Special Case Resource when the SCR meets the criteria of a Qualified Change of Status Condition and the SCR Load Change Reporting Threshold in accordance with this Services Tariff and results in a total Load reduction, within the range of hours that corresponds with the Capability Period SCR Load Zone Peak Hours, and the total Load reduction persists for more than sixty (60) continuous days from the first date of the reduction of the Load.

SCR Load Change Reporting Threshold: For a Special Case Resource with an applicable ACL greater than or equal to 500 kW, a reduction or increase in total Load not attributable to fluctuations in Load due to weather as described in ISO Procedures, that is equal to or greater than (i) thirty (30) percent of the applicable ACL for any month within the Capability Period, or (ii) five (5) MW in the NYC Locality or ten(10) MW if in any other Load Zone; whichever is less. For SCRs that elect to enroll with an Incremental ACL and do not increase the eligible Installed Capacity associated with the SCR, the RIP may enroll the SCR with a lower percentage change to its total Load increase as specified in Section 5.12.11.1.5 of this Services Tariff.

SCUC: Security Constrained Unit Commitment, described in Section 4.2.4 of this ISO Services Tariff.

Secondary Holder: As defined in the ISO OATT.

Second Settlement: The process of: (1) identifying differences between Energy production, Energy consumption or NYS Transmission System usage scheduled in a First Settlement and actual production, consumption, or usage during the Dispatch Day; and (2) assigning financial responsibility for those differences to the appropriate Customers and Market Participants. Charges for Energy supplied (to replace generation deficiencies or unscheduled consumption), and payments for Energy consumed (to absorb consumption deficiencies or excess Energy supply) or changes in transmission usage will be based on the Real-Time LBMPs.

Secondary Market: As defined in the ISO OATT.

Security Coordinator: An entity that provides the security assessment and Emergency operations coordination for a group of Control Areas. A Security Coordinator must not participate in the wholesale or retail merchant functions.

Self-Committed Fixed: A bidding mode in which a Generator is self-committed and opts not to be Dispatchable over any portion of its operating range.

Self-Committed Flexible: A bidding mode in which a Dispatchable Generator follows Base Point Signals within a portion of its operating range, but self-commits.

Self-Supply: The provision of certain Ancillary Services, or the provision of Energy to replace Marginal Losses by a Transmission Customer using either the Transmission Customer's own Generators or generation obtained from an entity other than the ISO.

Service Agreement: The agreement, in the form of Attachment A to the Tariff, and any amendments or supplements thereto entered into by a Customer and the ISO of service under the

Tariff, or any unexecuted Service Agreement, amendments or supplements thereto, that the ISO unilaterally files with the Commission.

Service Commencement Date: The date that the ISO begins to provide service pursuant to the terms of a Service Agreement, or in accordance with the Tariff.

Settlement: The process of determining the charges to be paid to, or by, a Customer to satisfy its obligations.

Shadow Price: The marginal value of relieving a particular Constraint which is determined by the reduction in system cost that results from an incremental relaxation of that Constraint.

Shift Factor (“SF”): A ratio, calculated by the ISO, that compares the change in power flow through a transmission facility resulting from the incremental injection and withdrawal of power on the NYS Transmission System.

Shutdown Period: An ISO approved period of time immediately following a shutdown order, such as a zero base point, that has been designated by the Customer, during which unstable operation prevents the unit from accurately following its base points.

Sink Price Cap Bid: A monotonically increasing Bid curve provided by an entity engaged in an Export, other than an entity submitting a CTS Interface Bid, to indicate the relevant Proxy Generator Bus LBMP at or below which that entity is willing to either purchase Energy in the LBMP Markets or, in the case of Bilateral Transactions, to accept Transmission Service, where the MW amounts on the Bid curve represent the desired increments of Energy that the entity is willing to purchase at various price points.

Southeastern New York (“SENY”): An electrical area comprised of Load Zones G, H, I, J, and K, as identified in the ISO Procedures.

Special Case Resource (“SCR”): Demand Side Resources whose Load is capable of being interrupted upon demand at the direction of the ISO, and/or Demand Side Resources that have a Local Generator, which is not visible to the ISO’s Market Information System and is rated 100 kW or higher, that can be operated to reduce Load from the NYS Transmission System or the distribution system at the direction of the ISO. Special Case Resources are subject to special rules, set forth in Section 5.12.11.1 of this ISO Services Tariff and related ISO Procedures, in order to facilitate their participation in the Installed Capacity market as Installed Capacity Suppliers.

Special Case Resource Capacity: The Installed Capacity Equivalent of the Unforced Capacity which has been sold by a Special Case Resource in the Installed Capacity market during the current Capability Period.

Start-Up Period: An ISO approved period of time immediately following synchronization to the Bulk power system, which has been designated by a Customer and bid into the Real-Time Market, during which unstable operation prevents the unit from accurately following its base points. The Start-Up Period shall be set to zero for a BTM:NG Resource.

Station Power: Station Power shall mean the Energy used by a Generator:

1. for operating electric equipment located on the Generator site, or portions thereof, owned by the same entity that owns the Generator, which electrical equipment is used by the Generator exclusively for the production of Energy and any useful thermal energy associated with the production of Energy; and
2. for the incidental heating, lighting, air conditioning and office equipment needs of buildings, or portions thereof, that are: owned by the same entity that owns the Generator; located on the Generator site; and
3. used by the Generator exclusively in connection with the production of Energy and any useful thermal energy associated with the production of Energy.

Station Power does not include any Energy: (i) used to power synchronous condensers; (ii) used for pumping at a pumped storage facility or for charging a Limited Energy Storage Resource; or (iii) provided during a Black Start restoration by Generators that provide Black Start Capability Service.

Start-Up Bid: A Bid parameter that may vary hourly and that identifies the payment a Supplier requires to bring a Generator up to its specified minimum operating level from an offline state or a Demand Side Resource from a level of no Demand Reduction to its specified minimum level of Demand Reduction. If the Supplier is a BTM:NG Resource, it shall not submit a Start-Up Bid.

Start-Up Bids submitted for a Generator that is not able to complete its specified minimum run time (of up to a maximum of 24 hours) within the Dispatch Day are expected to include expected net costs related to the hour(s) that a Generator needs to run on the day following the Dispatch Day in order to complete its minimum run time. The component of the Start-Up Bid that incorporates costs that the Generator expects to incur on the day following the Dispatch Day is expected to reflect the operating costs that the Supplier does not expect to be able to recover through LBMP revenues while operating to meet the Generator's minimum run time, at the minimum operating level Bid for that Generator for the hour of the Dispatch Day in which the Generator is scheduled to start-up. Settlement rules addressing Start-Up Bids that incorporates costs related to the hours that a Generator needs to run on the day following the Dispatch Day on which the Generator is committed are set forth in Attachment C to this ISO Services Tariff.

Storm Watch: Actual or anticipated severe weather conditions under which region-specific portions of the NYS Transmission System are operated in a more conservative manner by reducing transmission transfer limits.

Strandable Costs: Prudent and verifiable expenditures and commitments made pursuant to a Transmission Owner's legal obligations that are currently recovered in the Transmission Owner's retail or wholesale rate that could become unrecoverable as a result of a restructuring of the electric utility industry and/or electricity market, or as a result of retail-turned-wholesale customers, or customers switching generation or Transmission Service suppliers.

Stranded Investment Recovery Charge: A charge established by a Transmission Owner to recover Strandable Costs.

Study Month: The calendar month for which the ISO calculates the Monthly Net Benefit Offer Floor, in accordance with Section 4.2.1.9 of the ISO Services Tariff and ISO Procedures.

Subzone: That portion of a Load Zone in a Transmission Owner's Transmission District.

Supplemental Event Interval: Any RTD interval in which there is a maximum generation pickup or a large event reserve pickup or which is one of the three RTD intervals following the termination of the maximum generation pickup or the large event reserve pickup.

Supplemental Resource Evaluation ("SRE"): A determination of the least cost selection of additional Generators, which are to be committed, to meet: (i) changed or local system conditions for the Dispatch Day that may cause the Day-Ahead schedules for the Dispatch Day to be inadequate to meet the reliability requirements of the Transmission Owner's local system or to meet Load or reliability requirements of the ISO; or (ii) forecast Load and reserve requirements over the six-day period that follows the Dispatch Day.

Supplier: A Party that is supplying the Capacity, Demand Reduction, Energy and/or associated Ancillary Services to be made available under the ISO OATT or the ISO Services Tariff, including Generators, BTM:NG Resources, and Demand Side Resources that satisfy all applicable ISO requirements.

System Resource: A portfolio of Unforced Capacity provided by Resources located in a single ISO-defined Locality, the remainder of the NYCA, or any single External Control Area, that is owned by or under the control of a single entity, which is not the operator of the Control Area where such Resources are located, and that is made available, in whole or in part, to the ISO.

4.2 Day-Ahead Markets and Schedules

4.2.1 Day-Ahead Load Forecasts, Bids and Bilateral Schedules

4.2.1.1 General Customer Forecasting and Bidding Requirements

Subject to the two earlier submission deadlines set forth below, by 5 a.m. on the day prior to the Dispatch Day: (i) All LSEs serving Load in the NYCA shall provide the ISO with Load forecasts for the Dispatch Day and the day after the Dispatch Day; and (ii) Customers and Transmission Customers submitting Bids in the Day-Ahead Market shall provide the ISO, consistent with ISO Procedures:

- a. Bids to supply Energy, including Bids to supply Energy in Virtual Transactions;
- b. Bids to supply Ancillary Services;
- c. Requests for Bilateral Transaction schedules;
- d. Bids to purchase Energy, including Bids to purchase Energy in Virtual Transactions;
- e. Demand Reduction Bids; and
- f. For Behind-the-Meter Net Generation Resources, the forecasted Host Load for each hour of the Dispatch Day.

By 4:50 a.m. on the day prior to the Dispatch Day, all Customers or Transmission Customers shall submit Bids for External Transactions at the Proxy Generator Bus associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Linden VFT Scheduled Line, or the HTP Scheduled Line.

By 4:45 a.m. on the day prior to the Dispatch Day, all Customers or Transmission Customers shall submit Bids that include revised fuel type or fuel price information to the ISO's Market Information System.

In general, the information provided to the ISO shall include the following:

4.2.1.2 Load Forecasts

The Load forecast shall indicate the predicted level of Load in MW by Point of Withdrawal for each hour.

4.2.1.3 Bids by Suppliers Using the ISO-Committed Flexible, Self-Committed Flexible or ISO-Committed Fixed Bid Modes to Supply Energy and/or Ancillary Services

4.2.1.3.1 General Rules

Day-Ahead Bids by Suppliers using the ISO-Committed Flexible, Self-Committed Flexible or ISO-Committed Fixed bid modes shall identify the Capacity, in MW, available for commitment in the Day-Ahead Market (for every hour of the Dispatch Day) and the price(s) at which the Supplier will voluntarily enter into dispatch commitments. If the Supplier elects to participate in the Day-Ahead Market, and is within a defined electrical boundary, electrically interconnected with, and routinely serves a Host Load (which Host Load does not consist solely of Station Power) at a single PTID, it can only participate in the Day-Ahead Market as a Behind-the-Meter Net Generation Resource. If the Supplier is a Behind-the-Meter Net Generation Resource, the ISO shall only consider price-MW pairs in excess of the forecasted Host Load for the Resource.

If the Supplier using the ISO-Committed Flexible or Self-Committed Flexible bid mode is eligible to provide Regulation Service or Operating Reserves under Rate Schedules 3 and 4 respectively of this ISO Services Tariff, the Supplier's Bid may specify the quantity of Regulation Capacity it is making available and shall specify an emergency response rate that determines the quantity of Operating Reserves that it is capable of providing. Offers to provide Regulation Service and Operating Reserves must comply with the rules set forth in Rate

Schedules 3 and 4 of this ISO Services Tariff. If a Supplier that is eligible to provide Operating Reserves does not submit a Day-Ahead Availability Bid for Operating Reserves, its Day-Ahead Bid shall be rejected in its entirety. A Behind-the-Meter Net Generation Resource that is comprised of more than one generating unit that is dispatched as a single aggregate unit at a single PTID is not qualified to provide Regulation Service or Spinning Reserves. A Supplier may resubmit a complete Day-Ahead Bid, provided that the new Bid is timely. See Section 4.2.1.9 for bidding requirements for Demand Side Resources offering Energy in the Day-Ahead Market.

Suppliers other than Demand Side Resources entering a Bid into the Day-Ahead Market may also enter Day-Ahead Bids for each of the next nine (9) Dispatch Days. If not subsequently modified or withdrawn, these offers for subsequent Dispatch Days may be used by the ISO as offers from these Suppliers in the Day-Ahead Market for these subsequent Dispatch Days. For Suppliers that are providing Unforced Capacity in the ISO-administered ICAP Market for the month in which the Dispatch Day and the nine-day advance bidding period are encompassed, the ISO may enter the eighth day offer as the Bid for that Supplier's ninth day, if there is, otherwise no ninth-day Bid.

4.2.1.3.2 Bid Parameters

Day-Ahead Bids by Suppliers using the ISO-Committed Flexible, Self-Committed Flexible or ISO-Committed Fixed bid modes may identify-variable Energy price Bids, consisting of up to eleven monotonically increasing, constant cost incremental Energy steps, and other parameters described in ISO Procedures. Day-Ahead Bids from Demand Side Resources offering Operating Reserves or Regulation Service shall be ISO-Committed Flexible and shall have an Energy Bid price no lower than the Monthly Net Benefit Offer Floor. Day-Ahead offers

by Intermittent Power Resources that depend on wind as their fuel shall be ISO-Committed Flexible and shall include a Minimum Generation Bid of zero megawatts and zero costs and a Start-Up Bid of zero cost.

Day-Ahead Bids by ISO-Committed Fixed and ISO-Committed Flexible Generators, other than bids from Intermittent Power Resources that depend on wind as their fuel, shall also include Minimum Generation Bids and hourly Start-Up Bids. Bids shall specify whether a Supplier is offering to be ISO-Committed Fixed, ISO-Committed Flexible, Self-Committed Fixed, or Self-Committed Flexible.

4.2.1.3.3 Upper Operating Limits and Response Rates

All Bids to supply Energy and Ancillary Services must specify a UOL_N and a UOL_E for each hour. A Resource's UOL_E may not be lower than its UOL_N .

Bids from Suppliers for Generators supplying Energy and Ancillary Services must specify a normal response rate and may provide up to three normal response rates provided the minimum normal response rate may be no less than one percent (1%) of the Generator's Operating Capacity per minute. All Bids from Suppliers for Generators supplying Energy and Ancillary Services must also specify an emergency response rate which shall be equal to or greater than the maximum normal response rate of the Generator.

Bids from Suppliers offering Operating Reserves or Regulation Service from Demand Side Resources must specify a normal response rate and an emergency response rate provided that the emergency response rate may not be lower than the normal response rate. For Demand Side Resources the minimum acceptable response rate is one percent (1%) of the quantity of Demand Reduction the Demand Side Resource produces per minute.

4.2.1.4 Offers to Supply Energy from Self-Committed Fixed Generators

Self-Committed Fixed Generators shall provide the ISO with a schedule of their expected Energy output for each hour. Self-Committed Fixed Generators are responsible for ensuring that any hourly changes in output are consistent with their response rates. Self-Committed Fixed Generators shall also submit UOL_{NS}, UOL_{ES} and variable Energy Bids for possible use by the ISO in the event that RTD-CAM initiates a maximum generation pickup, as described in Section 4.4.3 of this ISO Services Tariff.

4.2.1.5 Bids to Supply Energy in Virtual Transactions

Customers submitting Bids to supply Energy in Virtual Transactions shall identify the Energy, in MW, available in the Day-Ahead Market (for every hour of the Dispatch Day) and the price(s) at which the Customer will voluntarily make it available.

4.2.1.6 Bids to Purchase Energy in Virtual Transactions

Customers submitting bids to purchase Energy in Virtual Transactions shall identify the Energy, in MW, to be purchased in the Day-Ahead Market (for every hour of the Dispatch Day) and the price(s) at which the Customer will voluntarily purchase it.

4.2.1.7 Bilateral Transactions

Transmission Customers requesting Bilateral Transaction schedules shall identify hourly Transaction quantities (in MW) by Point of Injection and Point of Withdrawal, minimum run times associated with Firm Point-to-Point Transmission Service, if any, and shall provide other information (as described in ISO Procedures).

4.2.1.8 Bids to Purchase LBMP Energy in the Day-Ahead Market

Each purchaser shall submit Bids indicating the hourly quantity of Energy, in MW, that it will purchase from the Day-Ahead Market for each hour of the following Dispatch Day. These Bids shall indicate the quantities to be purchased by Point of Withdrawal. The Bids may identify prices at which the purchaser will voluntarily enter into the Transaction.

4.2.1.9 Day-Ahead Bids from Demand Reduction Providers and DSASP Providers to Supply Energy from Demand Reductions

Demand Reduction Providers and DSASP Providers offering Energy from Demand Side Resources shall submit Bids: (i) identifying the amount of Demand Reduction, in MWs in accordance with Section 4.1.4, that is available for commitment in the Day-Ahead Market (for every hour of the dispatch day) and (ii) identifying the prices at which the Demand Reduction Provider or DSASP Provider will voluntarily enter into dispatch commitments to reduce demand; provided, however, the price at which the Demand Reduction Provider or DSASP Provider will voluntarily enter into dispatch commitments to reduce demand shall be no lower than the Monthly Net Benefit Offer Floor, as determined in accordance with this section. The Bids will identify the minimum period of time that the Demand Reduction Provider or DSASP Provider is willing to reduce demand, however the minimum period may not be less than one hour. The Bid may separately identify the Demand Reduction Provider's Curtailment Initiation Cost. Demand Reduction Bids from Demand Reduction Providers that are not accepted in the Day-Ahead Market shall expire at the close of the Day-Ahead Market.

The ISO shall perform the Net Benefits Test and post on its web site the Monthly Net Benefit Offer Floor for each month by the 15th of the preceding month in accordance with ISO Procedures. The Net Benefits Test shall establish the threshold price below which the dispatch of Energy from Demand Side Resources is not cost-effective. The Net Benefits Test shall

consist of the following steps: (1) the ISO shall compile hourly supply curves for the Reference Month; (2) the ISO shall develop the average supply curve for the Study Month by updating the Reference Month supply curves for retirements and new entrants, and adjusting offers for changes in fuel prices; (3) the ISO shall apply an appropriate mathematical formula to smooth the average supply curve; and (4) the ISO shall evaluate the smoothed average supply curve to determine the Monthly Net Benefit Floor for the Study Month. The ISO shall apply the Monthly Net Benefit Offer Floor, as so calculated, to Bids submitted by Demand Response Providers for all hours in the Study Month.

The ISO shall promptly post corrections, where necessary, to the Monthly Net Benefit Offer Floor. Corrections shall only apply to errors in conducting the calculations described above and/or in posting the properly calculated Monthly Net Benefit Offer Floor. Corrections shall not include recalculations based on changes in gas prices as set forth above. The ISO shall not use any correction to the Monthly Net Benefit Offer Floor to determine revised Day-Ahead Market clearing prices for periods prior to the imposition of the correction.

4.2.2 ISO Responsibility to Establish a Statewide Load Forecast

By 8 a.m., or as soon thereafter as is reasonably possible, the ISO will develop and publish its statewide Load forecast on the OASIS. The ISO will use this forecast to perform the SCUC for the Dispatch Day.

4.2.3 Security Constrained Unit Commitment (“SCUC”)

Subject to ISO Procedures and Good Utility Practice, the ISO will develop a SCUC schedule over the Dispatch Day using a computer algorithm which simultaneously minimizes the total Bid Production Cost of: (i) supplying power or Demand Reductions to satisfy accepted purchasers’ Bids to buy Energy from the Day-Ahead Market; (ii) providing sufficient Ancillary

Services to support Energy purchased from the Day-Ahead Market consistent with the Regulation Service Demand curve and Operating Reserve Demand Curves set forth in Rate Schedules 3 and 4 respectively of this ISO Services Tariff; (iii) committing sufficient Capacity to meet the ISO's Load forecast and provide associated Ancillary Services; and (iv) meeting Bilateral Transaction schedules submitted Day-Ahead excluding schedules of Bilateral Transactions with Trading Hubs as their POWs. The computer algorithm shall consider whether accepting Demand Reduction Bids will reduce the total Bid Production Cost.

The ISO shall compute all NYCA Interface Transfer Capabilities prior to scheduling Transmission Service Day-Ahead. The ISO shall run the SCUC utilizing the computed Transfer Capabilities, submitted Firm Point-to-Point Transmission Service requests, Load forecasts, and submitted Incremental Energy Bids, Decremental Bids and Sink Price Cap Bids.

The schedule will include commitment of sufficient Generators and/or Demand Side Resources to provide for the safe and reliable operation of the NYS Power System. SCUC will treat a Behind-the-Meter Net Generation Resource as already being committed and available to be scheduled. Pursuant to ISO Procedures, the ISO may schedule any Resource to run above its UOL_N up to the level of its UOL_E . In cases in which the sum of all Bilateral Schedules, excluding Bilateral Schedules for Transactions with Trading Hubs as their POWs, and all Day-Ahead Market purchases to serve Load within the NYCA in the Day-Ahead schedule is less than the ISO's Day-Ahead forecast of Load, the ISO will commit Resources in addition to the Operating Reserves it normally maintains to enable it to respond to contingencies. The purpose of these additional resources is to ensure that sufficient Capacity is available to the ISO in real-time to enable it to meet its Load forecast (including associated Ancillary Services). In considering which additional Resources to schedule to meet the ISO's Load forecast, the ISO

will evaluate unscheduled Imports, and will not schedule those Transactions if its evaluation determines the cost of those Transactions would effectively exceed a Bid Price cap in the hours in which the Energy provided by those Transactions is required. In addition to all Reliability Rules, the ISO shall consider the following information when developing the SCUC schedule:

- (i) Load forecasts; (ii) Ancillary Service requirements as determined by the ISO given the Regulation Service Demand Curve and Operating Reserve Demand Curves referenced above;
- (iii) Bilateral Transaction schedules excluding Bilateral Schedules for Transactions with Trading Hubs as their POWs; (iv) price Bids and operating Constraints submitted for Generators or for Demand Side Resources; (v) price Bids for Ancillary Services; (vi) Decremental Bids and Sink Price Cap Bids for External Transactions; and (vii) Bids to purchase or sell Energy from or to the Day-Ahead Market. External Transactions with minimum run times greater than one hour will only be scheduled at the requested Bid for the full minimum run time. External Transactions with identical Bids and minimum run times greater than one hour will not be prorated. The SCUC schedule shall list the hourly injections and withdrawals for: (a) each Customer whose Bid the ISO accepts for the Dispatch Day; and (b) each Bilateral Transaction scheduled Day-Ahead excluding Bilateral Transactions with Trading Hubs as their POWs.

In the development of its SCUC schedule, the ISO may commit and de-commit Generators and Demand Side Resources, based upon any flexible Bids, including Minimum Generation Bids, Start-Up Bids, Curtailment Initiation Cost Bids, Energy, and Incremental Energy Bids and Decremental Bids received by the ISO provided however that: (a) the ISO shall commit zero megawatts of Energy for Demand Side Resources committed to provide Operating Reserves and Regulation Service; and (b) for Behind-the-Meter Net Generation Resources, the

ISO will consider for dispatch only those segments of the Resource's Incremental Energy Bids above the forecasted Host Load and subject to the Injection Limit.

The ISO will select the least cost mix of Ancillary Services and Energy from Suppliers, Demand Side Resources, and Customers submitting Virtual Transactions bids. The ISO may substitute higher quality Ancillary Services (*i.e.*, shorter response time) for lower quality Ancillary Services when doing so would result in an overall least bid cost solution. For example, 10-Minute Non-Synchronized Reserve may be substituted for 30-Minute Reserve if doing so would reduce the total bid cost of providing Energy and Ancillary Services.

4.2.3.1 Reliability Forecast for the Dispatch Day

At the request of a Transmission Owner to meet the reliability of its local system, the ISO may incorporate into the ISO's Security Constrained Unit Commitment constraints specified by the Transmission Owner.

A Transmission Owner may request commitment of certain Generators for a Dispatch Day if it determines that certain Generators are needed to meet the reliability of its local system. Such request shall be made before the Day-Ahead Market for that Dispatch Day has closed if the Transmission Owner knows of the need to commit certain Generators before the Day-Ahead Market close. The ISO may commit one or more Generator(s) in the Day-Ahead Market for a Dispatch Day if it determines that the Generator(s) are needed to meet NYCA reliability requirements.

A Transmission Owner may request commitment of additional Generators for a Dispatch Day following the close of the Day-Ahead Market to meet changed or local system conditions for the Dispatch Day that may cause the Day-Ahead schedules for the Dispatch Day to be

inadequate to ensure the reliability of its local system. The ISO will use SRE to fulfill a Transmission Owner's request for additional units.

All Generator commitments made in the Day-Ahead Market pursuant to this Section 4.2.3.1 shall be posted on the ISO website following the close of the Day-Ahead Market, in accordance with ISO procedures. In addition, the ISO shall post on its website a non-binding, advisory notification of a request, or any modifications thereto, made pursuant to this Section 4.2.3.1 in the Day-Ahead Market by a Transmission Owner to commit a Generator that is located within a Constrained Area, as defined in Attachment H of this Services Tariff. The advisory notification shall be provided upon receipt of the request and in accordance with ISO procedures.

After the Day-Ahead schedule is published, the ISO shall evaluate any events, including, but not limited to, the loss of significant Generators or transmission facilities that may cause the Day-Ahead schedules to be inadequate to meet the Load or reliability requirements for the Dispatch Day.

In order to meet Load or reliability requirements in response to such changed conditions the ISO may: (i) commit additional Resources, beyond those committed Day-Ahead, using a SRE and considering (a) Bids submitted to the ISO that were not previously accepted but were designated by the bidder as continuing to be available; or (b) new Bids from all Suppliers, including neighboring systems; or (ii) take the following actions: (a) after providing notice, require all Resources to run above their UOL_{NS}, up to the level of their UOL_{ES} (pursuant to ISO Procedures) and/or raise the UOL_{NS} of Capacity Limited Resources and Energy Limited Resources to their UOL_E levels, or (b) cancel or reschedule transmission facility maintenance outages when possible. Actions taken by the ISO in performing supplemental commitments will not change any financial commitments that resulted from the Day-Ahead Market.

4.2.4 Reliability Forecast for the Six Days Following the Dispatch Day

In the SCUC program, system operation shall be optimized based on Bids over the Dispatch Day. However, to preserve system reliability, the ISO must ensure that there will be sufficient resources available to meet forecasted Load and reserve requirements over the seven (7)-day period that begins with the next Dispatch Day. The ISO will perform a Supplemental Resource Evaluation (“SRE”) for days two (2) through seven (7) of the commitment cycle. If it is determined that a long start-up time Generator (*i.e.*, a Generator that cannot be scheduled by SCUC to start up in time for the next Dispatch Day) is needed for reliability, the ISO shall accept a Bid from the Generator and the Generator will begin its start-up sequence. During each day of the start-up sequence, the ISO will perform an SRE to determine if long start-up time Generators will still be needed as previously forecasted. If at any time it is determined that the Generator will not be needed as previously forecasted, the ISO shall order the Generator to abort its start-up sequence.

The ISO will commit to long start-up time Generators to preserve reliability. However, the ISO will not commit resources with long start-up times to reduce the cost of meeting Loads that it expects to occur in days following the next Dispatch Day.

A Supplier that bids on behalf of a long start-up time Generator, including one that is committed and whose start is subsequently aborted by the ISO as described in this Section 4.2.4, may be eligible for a Bid Production Cost Guarantee pursuant to the provisions of Section 4.6.6 and Attachment C of this ISO Services Tariff. The costs of such a Bid Production Cost guarantee will be recovered by the ISO under Rate Schedule 1 of the ISO OATT.

The ISO shall perform the SRE as follows: (1) The ISO shall develop a forecast of daily system peak Load for days two (2) through seven (7) in this seven (7)-day period and add the appropriate reserve margin; (2) the ISO shall then forecast its available Generators for the day in

question by summing the Operating Capacity for all Generators currently in operation that are available for the commitment cycle, the Operating Capacity of all other Generators capable of starting on subsequent days to be available on the day in question, and an estimate of the net Imports from External Bilateral Transactions; (3) if the forecasted peak Load plus reserves exceeds the ISO's forecast of available Generators for the day in question, then the ISO shall commit additional Generators capable of starting prior to the day in question (*e.g.*, start-up period of two (2) days when looking at day three (3)) to assure system reliability; (4) in choosing among Generators with comparable start-up periods, the ISO shall schedule Generators to minimize Minimum Generation Bid and Start-Up Bid costs of meeting forecasted peak Load plus Ancillary Services consistent with the Reliability Rules; (5) in determining the appropriate reserve margin for days two (2) through seven (7), the ISO will supplement the normal reserve requirements to allow for forced outages of the short start-up period units (*e.g.*, gas turbines) assumed to be operating at maximum output in the unit commitment analysis for reliability.

Energy Bids are binding for day one (1) only for units in operation or with start-up periods less than one (1) day. Minimum Generation Bids for Generators with start-up periods greater than one (1) day will be binding only for units that are committed by the ISO and only for the first day in which those units could produce Energy given their start-up periods. For example, Minimum Generation Bids for a Generator with a start-up period of two (2) days would be binding only for day three (3) because, if that unit begins to start up at any time during day one (1), it would begin to produce Energy forty-eight (48) hours later on day three (3). Similarly, the Minimum Generation Bids for a Generator with a start-up period of three (3) days would be binding only for day four (4).

4.2.5 Post the Day-Ahead Schedule

By 11 a.m. on the day prior to the Dispatch Day, the ISO shall close the Day-Ahead scheduling process and post on the Bid/Post System the Day-Ahead schedule for each entity that submits a Bid or Bilateral Transaction schedule. All schedules shall be considered proprietary, with the posting only visible to the appropriate scheduling Customer and Transmission Owners subject to the applicable Code of Conduct (See Attachment F to the ISO OATT). The ISO will post on the OASIS the statewide aggregate resources (Day-Ahead Energy schedules and total operating capability forecast), Day-Ahead scheduled Load, forecast Load for each Load Zone, and the Day-Ahead LBMP prices (including the Congestion Component and the Marginal Losses Component) for each Load Zone in each hour of the upcoming Dispatch Day. The ISO shall conduct the Day-Ahead Settlement based upon the Day-Ahead schedule determined in accordance with this section and Attachment B to this Services Tariff. The ISO will provide the Transmission Owner with the Load forecast (for seven (7) days) as well as the ISO security evaluation data to enable local area reliability to be assessed.

4.2.6 Day-Ahead LBMP Market Settlements

The ISO shall calculate the Day-Ahead LBMPs for each Load Zone and at each Generator bus and Demand Reduction Bus as described in Attachment B. Each Supplier that bids a Generator into the ISO Day-Ahead Market and is scheduled in the SCUC to sell Energy in the Day-Ahead Market will be paid the product of: (a) the Day-Ahead hourly LBMP at the applicable Generator bus; and (b) the hourly Energy schedule. Each Supplier that bids an External Transaction into the Day-Ahead LBMP Market and is scheduled in the SCUC to sell Energy into the Day-Ahead LBMP Market will be paid the product of (a) the Day-Ahead LBMP at the applicable Proxy Generator Bus and (b) the External Transaction schedule. For each

Demand Reduction Provider that bids a Demand Reduction into the Day-Ahead Market and is scheduled in SCUC to provide Energy from the Demand Reduction, the LSE providing Energy service to the Demand Side Resource that accounts for the Demand Reduction shall be paid the product of: (a) the Day-Ahead hourly LBMP at the applicable Demand Reduction Bus; and (b) the hourly demand reduction scheduled Day-Ahead (in MW). In addition, each Demand Reduction Provider that bids a Demand Reduction into the Day-Ahead Market and is scheduled in the SCUC to provide Energy through Demand Reduction shall receive a Demand Reduction Incentive Payment from the ISO equal to the product of: (a) the Day-Ahead hourly LBMP at the Demand Reduction bus; and (b) the lesser of the verified actual hourly Demand Reduction or the scheduled hourly Demand Reduction (in MW). Each Customer that bids into the Day-Ahead Market, including each Customer that submits a Bid for a Virtual Transaction, and has a schedule accepted by the ISO to purchase Energy in the Day-Ahead Market will pay the product of: (a) the Day-Ahead hourly Zonal LBMP at each Point of Withdrawal; and (b) the scheduled Energy at each Point of Withdrawal. Each Supplier that bids an External Transaction into the Day-Ahead LBMP Market and is scheduled in the SCUC to buy Energy from the Day-Ahead LBMP Market will pay the product of (a) the Day-Ahead LBMP at the applicable Proxy Generator Bus and (b) the External Transaction schedule. Each Customer that submits a Virtual Transaction bid into the ISO Day-Ahead Market and has a schedule accepted by the ISO to sell Energy in a Load Zone in the Day-Ahead Market will receive a payment equal to the product of (a) the Day-Ahead hourly zonal LBMP for that Load Zone; and (b) the hourly scheduled Energy for the Customer in that Load Zone. Each Trading Hub Energy Owner who bids a Bilateral Transaction into the Day-Ahead Market with a Trading Hub as its POI and has its schedule accepted by the ISO will pay the product of: (a) the Day-Ahead hourly zonal LBMP for the

Load Zone associated with that Trading Hub; and (b) the Bilateral Transaction scheduled MW.

Each Trading Hub Energy Owner who bids a Bilateral Transaction into the Day-Ahead Market with a Trading Hub as its POW and has its schedule accepted by the ISO will be paid the product of: (a) the Day-Ahead hourly zonal LBMP for the Load Zone associated with that Trading Hub; and (b) the Bilateral Transaction scheduled MW.

The ISO shall publish the Day-Ahead Settlement Load Zone LBMPs for each hour in the Dispatch Day.

4.4 Real-Time Markets and Schedules

4.4.1 Real-Time Commitment (“RTC”)

4.4.1.1 Overview

RTC will make binding unit commitment and de-commitment decisions for the periods beginning fifteen minutes (in the case of Resources that can respond in ten minutes) and thirty minutes (in the case of Resources that can respond in thirty minutes) after the scheduled posting time of each RTC run, will provide advisory commitment information for the remainder of the two and a half hour optimization period, and will produce binding schedules for External Transactions to begin at the start of each quarter hour. RTC will treat a Behind-the-Meter Net Generation Resource as already being committed and available to be scheduled. RTC will co-optimize to solve simultaneously for all Load, Operating Reserves and Regulation Service and to minimize the total as-bid production costs over its optimization timeframe. RTC will consider SCUC’s Resource commitment for the day, load forecasts that RTC itself will produce each quarter hour, binding transmission constraints, and all Real-Time Bids and Bid parameters submitted pursuant to Section 4.4.1.2 below.

4.4.1.2 Bids and Other Requests

After the Day-Ahead schedule is published and before the close of the Real-Time Scheduling Window for each hour, Customers may submit Real-Time Bids into the Real-Time Market for real-time evaluation by providing all information required to permit real-time evaluation pursuant to ISO Procedures. If the Supplier elects to participate in the Real-Time Market, and is within a defined electrical boundary, electrically interconnected with, and routinely serves a Host Load (which Host Load does not exclusively consist of Station Power) at a single PTID, it can only participate in the Real-Time Market as a Behind-the-Meter Net

Generation Resource. If a Behind-the-Meter Net Generation Resource submits Bids into the Real-Time Market for real-time evaluation, such Bids shall provide the forecasted Host Load for each hour for which Bids are submitted.

4.4.1.2.1 Real-Time Bids to Supply Energy and Ancillary Services, other than External Transactions

Intermittent Power Resources that depend on wind as their fuel submitting new or revised offers to supply Energy shall bid as ISO-Committed Flexible and shall submit a Minimum Generation Bid of zero MW and zero cost and a Start-Up Bid at zero cost. Eligible Customers may submit new or revised Bids to supply Energy, Operating Reserves and/or Regulation Service. Customers that submit such Bids may specify different Bid parameters in real-time than they did Day-Ahead. Incremental Energy Bids, for portions of the Capacity of such Resources that were scheduled in the Day-Ahead Market, and/or Start-Up Bids may be submitted by Suppliers bidding Resources using ISO-Committed Fixed, ISO-Committed Flexible, and Self-Committed Flexible bid modes that exceed the Incremental Energy Bids or Start-Up Bids submitted in the Day-Ahead Market or the mitigated Day-Ahead Incremental Energy Bids or Start-Up Bids where appropriate, if not otherwise prohibited pursuant to other provisions of the tariff. Minimum Generation Bids or Regulation Service Bids for any hour in which such Resources received a Day-Ahead Energy schedule or a Regulation Service schedule, as appropriate, may not exceed the Minimum Generation Bids or Regulation Service Bids, as appropriate, submitted for those Resources in the Day-Ahead Market. Additionally, Real-Time Minimum Run Qualified Gas Turbine Customers shall not increase their previously submitted Real-Time Incremental Energy Bids, Minimum Generation Bids, or Start-Up Bids within 135 minutes of the dispatch hour. Bids to supply Energy or Ancillary Services shall be subject to the rules set forth in Section 4.2.1 of this ISO Services Tariff. For Behind-the-Meter Net Generation

Resources, the ISO will consider only those segments of the Resource's Incremental Energy Bids above the forecasted Host Load and subject to the Injection Limit.

Suppliers bidding on behalf of Generators that did not receive a Day-Ahead schedule for a given hour may offer their Generators, for those hours, using the ISO-Committed Flexible, Self-Committed Flexible, Self-Committed Fixed bid mode or, with ISO approval, the ISO-Committed Fixed bid modes in real-time. For Behind-the-Meter Net Generation Resources, the ISO will consider only those segments of the Resource's Incremental Energy Bids above the forecasted Host Load and subject to the Injection Limit. Suppliers bidding on behalf of Demand Side Resources that did not receive a Day-Ahead schedule to provide Operating Reserves or Regulation Service for a given hour may offer to provide Operating Reserves or Regulation Service using the ISO-Committed Flexible bid mode for that hour in the Real-Time Market provided, however, that the Demand Side Resource shall have an Energy price Bid no lower than the Monthly Net Benefit Offer Floor. A Supplier bidding on behalf of a Generator that received a Day-Ahead schedule for a given hour may not change the bidding mode for that Generator for the Real-Time Market for that hour provided, however, that Generators that were scheduled Day-Ahead in Self-Committed Fixed mode may switch, with ISO approval, to ISO-Committed Fixed bidding mode in real-time. Generators that were scheduled Day-Ahead in ISO-Committed Fixed mode will be scheduled as Self-Committed Fixed in the Real-Time Market unless, with ISO approval, they change their bidding mode to ISO-Committed Fixed.

A Generator with a real time physical operating problem that makes it impossible for it to operate in the bidding mode in which it was scheduled Day-Ahead should notify the NYISO. Additionally, if the Host Load of a Behind-the-Meter Net Generation Resource is greater in real-

time than was forecasted Day-Ahead such that it cannot meet its Day-Ahead schedule, it must notify the NYISO.

Generators and Demand Side Resources may not submit separate Operating Reserves Availability Bids in real-time and will instead automatically be assigned a real-time Operating Reserves Availability Bid of zero for the amount of Operating Reserves they are capable of providing in light of their response rate (as determined under Rate Schedule 4).

4.4.1.2.2 Real-Time Bids Associated with Internal and External Bilateral Transactions

Customers may use Real-Time Bids to seek to modify Bilateral Transactions that were previously scheduled Day-Ahead or propose new Bilateral Transactions, including External Transactions, for economic evaluation by RTC, provided however, that Bilateral Transactions with Trading Hubs as their POWs that were previously scheduled Day-Ahead may not be modified. Bids associated with Internal Bilateral Transactions shall be subject to the rules set forth above in Section 4.2.1.7.

Except as provided in this section, External Transaction Bids may not vary over the course of an hour. Each such Bid must offer to import, export or wheel the same amount of Energy at the same price at each point in time within that hour. At Variably Scheduled Proxy Generator Buses the ISO shall permit the submission of Bids to import or export Energy that vary the amount of Energy, and vary the price, for each quarter hour evaluation period.

The ISO may vary External Transaction Schedules at Proxy Generator Buses that are authorized to schedule transactions on an intra-hour basis if the party submitting the Bid for such a Transaction elects to permit variable scheduling. The ISO may also vary External Transaction Schedules at CTS Enabled Proxy Generator Buses. External Transaction Bids submitted to import Energy from, or export Energy to Proxy Generator Buses that are authorized to schedule

transactions on either an intra-hour or hourly basis shall indicate whether the ISO may vary schedules associated with those Bids within each hour. Transmission Customers scheduling External Bilateral Transactions shall also be subject to the provisions of Section 16, Attachment J of the ISO OATT.

4.4.1.2.3 Self-Commitment Requests

Self-Committed Flexible Resources must provide the ISO with schedules of their expected minimum operating points in quarter hour increments. Self-Committed Fixed Resources must provide their expected actual operating points in quarter hour increments or, with ISO approval, bid as an ISO-Committed Fixed Generator.

4.4.1.2.4 ISO-Committed Fixed

The ability to use the ISO-Committed Fixed bidding mode in the Real-Time Market shall be subject to ISO approval pursuant to procedures, which shall be published by the ISO. Generators that have exclusively used the Self-Committed Fixed or ISO-Committed Fixed bid modes in the Day-Ahead Market or that do not have the communications systems, operational control mechanisms or hardware to be able to respond to five-minute dispatch basepoints are eligible to bid using the ISO-Committed Fixed bid mode in the Real-Time Market. Real-Time Bids by Generators using the ISO-Committed Fixed bid mode in the Real-Time Market shall provide variable Energy price Bids, consisting of up to eleven monotonically increasing, constant cost incremental Energy steps, Minimum Generation Bids, hourly Start-Up Bids and other information pursuant to ISO Procedures.

RTC shall schedule ISO-Committed Fixed Generators.

4.4.1.3 External Transaction Scheduling

RTC15 will schedule External Transactions on an hourly basis as part of its development of a co-optimized least-bid cost Real-Time Commitment. For External Transactions that are scheduled on a 15 minute basis, the amount of Energy scheduled to be imported, exported or wheeled in association with that External Transaction may change on the quarter hour. All RTC runs will schedule intra-hour External Transactions on a 15 minute basis at Variably Scheduled Proxy Generator Buses. RTC will alert the ISO when it appears that scheduled External Transactions need to be reduced for reliability reasons but will not automatically Curtail them. Curtailment decisions will be made by the ISO, guided by the information that RTC provides, pursuant to the rules established by Attachment B of this ISO Services Tariff and the ISO Procedures. External Bilateral Transaction schedules are also governed by the provisions of Section 16, Attachment J of the OATT.

4.4.1.4 Posting Commitment/De-Commitment and External Transaction Scheduling Decisions

Except as specifically noted in Section 4.4.2, 4.4.3 and 4.4.4 of this ISO Services Tariff, RTC will make all Resource commitment and de-commitment decisions. RTC will make all economic commitment/de-commitment decisions based upon available offers assuming Suppliers internal to the NYCA have a one-hour minimum run time; provided however, Real-Time Minimum Run Qualified Gas Turbines shall be assumed to have a two-hour minimum run time. For Behind-the-Meter Net Generation Resources, RTC will consider only those segments of the Resource's Incremental Energy Bids above the forecasted Host Load and subject to the Injection Limit.

RTC will produce advisory commitment information and advisory real-time prices. RTC will make decisions and post information in a series of fifteen-minute “runs” which are described below.

RTC₁₅ will begin at the start of the first hour of the RTC co-optimization period and will post its commitment, de-commitment, and External Transaction scheduling decisions no later than fifteen minutes after the start of that hour. During the RTC₁₅ run, RTC will:

- (i) Commit Resources with 10-minute start-up times that should be synchronized by the time that the results of the next RTC run are posted so that they will be synchronized and running at their scheduled generation levels by that time;
- (ii) Commit Resources with 30-minute start-up times that should be synchronized by the time that the results of the RTC run following the next RTC run are posted so that they will be synchronized and running at their scheduled generation levels by that time;
- (iii) De-commit Resources that should be disconnected from the network by the time that the results of the next RTC run are posted so that they will be disconnected by that time;
- (iv) Issue advisory commitment and de-commitment guidance for periods more than thirty minutes in the future and advisory dispatch information;
- (v) Schedule economic hourly External Transactions for the next hour;
- (vi) Schedule economic 15 minute External Transactions, for the quarter hour for which the results of the next RTC run are posted, at Variably Scheduled Proxy Generator Buses other than a CTS Enabled Proxy Generator Bus;

- (vii) Schedule economic 15 minute External Transactions, for the quarter hour for which the results of the next RTC run are posted, at a CTS Enabled Proxy Generator Bus; and
- (viii) Schedule ISO-Committed Fixed Resources.

All subsequent RTC runs in the hour, *i.e.*, RTC₃₀, RTC₄₅, and RTC₀₀ will begin executing at fifteen minutes before their designated posting times (for example, RTC₃₀ will begin in the fifteenth minute of the hour), and will take the following steps:

- (i) Commit Resources with 10-minute start-up times that should be synchronized by the time that the results of the next RTC run are posted so that they will be synchronized and running at that time;
- (ii) Commit Resources with 30-minute start-up times that should be synchronized by the time that the results of the RTC run following the next RTC run are posted so that they will be synchronized and running at that time;
- (iii) De-commit Resources that should be disconnected from the network by the time that the results of the next RTC run are posted so that they will be disconnected at that time;
- (iv) Issue advisory commitment, de-commitment, and dispatching guidance for the period from thirty minutes in the future until the end of the RTC co-optimization period;
- (v) Either reaffirm that the External Transactions scheduled by previous RTC runs should continue to flow in the next hour, or inform the ISO that External Transactions may need to be reduced;

- (vi) Schedule economic 15 minute External Transactions, for the quarter hour for which the results of the next RTC run are posted, at Variably Scheduled Proxy Generator Buses other than a CTS Enabled Proxy Generator Bus;
- (vii) Schedule economic 15 minute External Transactions, for the quarter hour for which the results of the next RTC run are posted, at a CTS Enabled Proxy Generator Bus; and
- (viii) Schedule ISO-Committed Fixed Resources.

4.4.1.5 External Transaction Settlements

Settlements for External Transactions in the LBMP Market are described in Sections 4.2.6 and 4.5 of this ISO Services Tariff. Settlements for External Bilateral Transactions are also described in Section 16, Attachment J and Rate Schedules 7 and 8 of the OATT.

The calculation of Real-Time LBMPs at Proxy Generator Buses and CTS Enabled Interfaces is described in Section 17, Attachment B to this ISO Services Tariff.

4.4.2 Real-Time Dispatch

4.4.2.1 Overview

The Real-Time Dispatch will make dispatching decisions, send Base Point Signals to Internal Generators and Demand Side Resources, produce schedules for intra-hour External Transactions at Dynamically Scheduled Proxy Generator Buses, calculate Real-Time Market clearing prices for Energy, Operating Reserves, and Real-Time Market Prices for Regulation Service, and establish real-time schedules for those products on a five-minute basis, starting at the beginning of each hour. The Real-Time Dispatch will not make commitment decisions and will not consider start-up costs in any of its dispatching or pricing decisions, except as specifically provided in Section 4.4.2.4 below. Each Real-Time Dispatch run will co-optimize to

solve simultaneously for Load, Operating Reserves, and Regulation Service and to minimize the total cost of production over its bid optimization horizon (which may be fifty, fifty-five, or sixty minutes long depending on where the run falls in the hour.) In addition to producing a binding schedule for the next five minutes, each Real-Time Dispatch run will produce advisory schedules for the remaining four time steps of its bid-optimization horizon (which may be five, ten, or fifteen minutes long depending on where the run falls in the hour). An advisory schedule may become binding in the absence of a subsequent Real-Time Dispatch run. RTD will use the most recent system information and the same set of Bids and constraints that are considered by RTC.

4.4.2.2 External Transaction Scheduling

All RTD runs will schedule External Transactions on a 5 minute basis at Dynamically Scheduled Proxy Generator Buses. For External Transactions that are scheduled on a 5 minute basis, the amount of Energy scheduled to be imported, exported or wheeled in association with that External Transaction may change every 5 minutes. External Bilateral Transaction Schedules are also governed by the provisions of Attachment J of the OATT.

4.4.2.3 Calculating Real-Time Market LBMPs and Advisory Prices

RTD shall calculate *ex ante* Real-Time LBMPs at each Generator bus, and for each Load Zone in each RTD cycle, in accordance with the procedures set forth in Attachment B to this ISO Services Tariff. RTD will also calculate and post advisory Real-Time LBMPs for the next four quarter hours in accordance with the procedures set forth in Attachment B.

4.4.2.4 Real-Time Pricing Rules for Scheduling Ten Minute Resources

RTD may commit and dispatch, for pricing purposes, Resources meeting Minimum Generation Levels and capable of starting within ten minutes (“eligible Resources”) when

necessary to meet load. Eligible Resources committed and dispatched by RTD for pricing purposes may be physically started through normal ISO operating processes. In the RTD cycle in which RTD commits and dispatches an eligible Resource, RTD will consider the Resource's start-up and incremental energy costs and will assume the Resource has a zero downward response rate for purposes of calculating *ex ante* Real-Time LBMPs pursuant to Section 17, Attachment B to this ISO Services Tariff.

4.4.2.5 Converting to Demand Reduction, Special Case Resource Capacity scheduled as Operating Reserves, Regulation or Energy in the Real-Time Market

The ISO shall convert to Demand Reductions, in hours in which the ISO requests that Responsible Interface Parties notify their Special Case Resources to reduce their demand pursuant to ISO Procedures, any Operating Reserves, Regulation Service or Energy scheduled in the Day-Ahead Market from Demand Side Resources that are also providing Special Case Resource Capacity. The ISO shall settle the Demand Reduction provided by that portion of the Special Case Resource Capacity that was scheduled Day-Ahead as Operating Reserves, Regulation Service or Energy as being provided by a Supplier of Operating Reserves, Regulation Service or Energy as appropriate. The ISO shall settle any remaining Demand Reductions provided beyond Capacity that was scheduled Day-Ahead as Ancillary Services or Energy as being provided by a Special Case Resource, provided such Demand Reduction is otherwise payable as a reduction by a Special Case Resource.

Operating Reserves or Regulation Service scheduled Day-Ahead and converted to Energy in real time pursuant to this Section 4.4.2.4, will be eligible for a Day-Ahead Margin Assurance Payment, pursuant to Attachment J of this ISO Services Tariff.

Special Case Resource Capacity that has been scheduled in the Day-Ahead Market to provide Operating Reserves, Regulation Service or Energy and that has been instructed as a Special Case Resource to reduce demand shall be considered, for the purpose of determining a Scarcity Reserve Requirement pursuant to Rate Schedule 4 of this ISO Services Tariff, to be a Special Case Resource.

The ISO shall not accept offers of Operating Reserves or Regulation Service in the Real-Time Market from Demand Side Resources that are also providing Special Case Resource Capacity for any hour in which the ISO has requested Special Case Resources to reduce demand.

4.4.2.6 Converting to Demand Reduction Curtailment Services Provider Capacity scheduled as Operating Reserves, Regulation or Energy in the Real-Time Market

The ISO shall convert to Demand Reductions, in hours in which the ISO requests Demand Reductions from the Emergency Demand Response Program pursuant to ISO Procedures, any Operating Reserves, Regulation Service or Energy scheduled in the Day-Ahead Market by Demand Side Resources that are also providing Curtailment Services Provider Capacity. The ISO shall settle the Demand Reduction provided by that portion of the Curtailment Services Provider Capacity that was scheduled Day-Ahead as Operating Reserves, Regulation Service or Energy as being provided by a Supplier of Operating Reserves, Regulation Service or Energy as appropriate. The ISO shall settle Demand Reductions provided beyond Capacity that was scheduled Day-Ahead as ancillary services or Energy as being provided by a Curtailment Services Provider.

Operating Reserves or Regulation Service scheduled Day-Ahead and converted to Energy in real time pursuant to this Section 4.4.2.5, will be eligible for a Day-Ahead Margin Assurance Payment, pursuant to Attachment J of this ISO Services Tariff.

Curtailment Services Provider Capacity that has been scheduled in the Day-Ahead Market as Operating Reserves, Regulation Service or Energy and that has been instructed to reduce demand shall be considered, for the purpose of determining a Scarcity Reserve Requirement pursuant to Rate Schedule 4 of this ISO Services Tariff, to be a Emergency Demand Response Program Resource.

The ISO shall not accept offers of Operating Reserves and Regulation Service in the Real-Time Market from Demand Side Resources that are also providing Curtailment Services Provider Capacity for any hour in which the ISO has requested participants in the Emergency Demand Response Program pursuant to ISO Procedures to reduce demand.

4.4.2.7 Post the Real-Time Schedule

Subsequent to the close of the Real-Time Scheduling Window, the ISO shall post the real-time schedule for each entity that submits a Bid or Bilateral Transaction schedule. All schedules shall be considered proprietary, with the posting only visible to the appropriate scheduling Customer, Transmission Customer and Transmission Owners subject to the applicable Code of Conduct (See Attachment F to the ISO OATT). The ISO will post on the OASIS the real-time Load for each Load Zone, and the Real-Time LBMP prices (including the Congestion Component and the Marginal Losses Component) for each Load Zone for each hour of the Dispatch Day. The ISO shall conduct the real-time settlement based upon the real-time schedule determined in accordance with this Section.

4.4.3 Real-Time Dispatch - Corrective Action Mode

When the ISO needs to respond to system conditions that were not anticipated by RTC or the regular Real-Time Dispatch, *e.g.*, the unexpected loss of a major Generator or Transmission line, it will activate the specialized RTD-CAM program. RTD-CAM runs will be nominally

either five or ten minutes long, as is described below. Unlike the Real-Time Dispatch, RTD-CAM will have the ability to commit certain Resources, and schedule intra-hour External Transactions at Dynamically Scheduled Proxy Generator Buses. When RTD-CAM is activated, the ISO will have discretion to implement various measures to restore normal operating conditions. These RTD-CAM measures are described below.

The ISO shall have discretion to determine which specific RTD-CAM mode should be activated in particular situations. In addition, RTD-CAM may require Resources to run above their UOL_{NS} , up to the level of their UOL_{ES} as is described in the ISO Procedures. Self-Committed Fixed Resources will not be expected to move in response to RTD-CAM Base Point Signals except when a maximum generation pickup is activated.

Except as expressly noted in this section, RTD-CAM will dispatch the system in the same manner as the normal Real-Time Dispatch.

4.4.3.1 RTD-CAM Modes

4.4.3.1.1 Reserve Pickup

The ISO will enter this RTD-CAM mode when necessary to re-establish schedules when large area control errors occur. When in this mode, RTD-CAM will send 10-minute Base Point Signals and produce schedules for the next ten minutes. RTD-CAM may also commit, or if necessary de-commit, Resources capable of starting or stopping within 10-minutes. The ISO will continue to optimize for Energy and Operating Reserves, will recognize locational Operating Reserve requirements and Scarcity Reserve Requirements, but will set all Regulation Service schedules to zero. If Resources are committed or de-committed in this RTD-CAM mode the schedules for them will be passed to RTC and the Real-Time Dispatch for their next execution.

The ISO will have discretion to classify a reserve pickup as a “large event” or a “small event.” In a small event the ISO will have discretion to reduce Base Point Signals in order to reduce transmission line loadings. The ISO will not have this discretion in large events. The distinction also has significance with respect to a Supplier’s eligibility to receive Bid Production Cost guarantee payment in accordance with Section 4.6.6 and Attachment C of this ISO Services Tariff.

4.4.3.1.2 Maximum Generation Pickup

The ISO will enter this RTD-CAM mode when an Emergency makes it necessary to maximize Energy production in one or more location(s), i.e., Long Island, New York City, Southeastern New York, East of Central East and/or NYCA-wide. RTD-CAM will produce schedules directing all Generators located in a targeted location to increase production at their emergency response rate up to their UOL_E level and to stay at that level until instructed otherwise. Security constraints will be obeyed to the extent possible. The ISO will continue to optimize for Energy and Operating Reserves, will recognize locational Operating Reserve requirements and Scarcity Reserve Requirements, but will set all Regulation Service schedules to zero.

4.4.3.1.3 Base Points ASAP -- No Commitments

The ISO will enter this RTD-CAM mode when changed circumstances make it necessary to issue an updated set of Base Point Signals. Examples of changed circumstances that could necessitate taking this step include correcting line, contingency, or transfer overloads and/or voltage problems caused by unexpected system events. When operating in this mode, RTD-CAM will produce schedules and Base Point Signals for the next five minutes but will only

redispatch Generators that are capable of responding within five minutes. RTD-CAM will not commit or de-commit Resources in this mode.

4.4.3.1.4 Base Points ASAP -- Commit As Needed

This operating mode is identical to Base Points ASAP – No Commitments, except that it also allows the ISO to commit Generators that are capable of starting within 10 minutes when doing so is necessary to respond to changed system conditions.

4.4.3.1.5 Re-Sequencing Mode

When the ISO is ready to de-activate RTD-CAM, it will often need to transition back to normal Real-Time Dispatch operation. In this mode, RTD-CAM will calculate normal five-minute Base Point Signals and establish five minute schedules. Unlike the normal RTD-Dispatch, however, RTD-CAM will only look ahead 10-minutes. RTD-CAM re-sequencing will terminate as soon as the normal Real-Time Dispatch software is reactivated and is ready to produce Base Point signals for its entire optimization period.

4.4.3.2 Calculating Real-Time LBMPs

When RTD-CAM is activated, RTD shall calculate *ex ante* Real-Time LBMPs at each Generator bus, and for each Load Zone in accordance with the procedures set forth in Section 17, Attachment B of this ISO Services Tariff.

4.4.4 Identifying the Pricing and Scheduling Rules That Apply to External Transactions

LBMPs will be determined and External Transactions will be scheduled at external Proxy Generator Buses consistent with the table below.

Proxy Generator Bus	PTID	Scheduled Line	Designated Scheduled Line	Non-Competitive	CTS Enabled Proxy Generator Bus		Scheduling Frequencies		
					Requires CTS Bids	Permits CTS Bids	Hourly Scheduled	Variably Scheduled	Dynamically Scheduled (Not Presently Available)
Hydro Quebec									
HQ_GEN_IMPORT	323601			✓			✓	✓	
HQ_LOAD_EXPORT	355639			✓			✓	✓	
HQ_GEN_CEDARS_PROXY	323590	Dennison Scheduled Line		✓			✓		
HQ_LOAD_CEDARS_PROXY	355586	Dennison Scheduled Line		✓			✓		
HQ_GEN_WHEEL	23651			✓			✓		
HQ_LOAD_WHEEL	55856			✓			✓		
PJM									
PJM_GEN_KEYSTONE	24065					✓	✓* (See Notes)	✓	
PJM_LOAD_KEYSTONE	55857					✓	✓* (See Notes)	✓	
PJM_GEN_NEPTUNE_PROXY	323594	Neptune Scheduled Line	✓			✓	✓* (See Notes)	✓	
PJM_LOAD_NEPTUNE_PROXY	355615	Neptune Scheduled Line	✓			✓	✓* (See Notes)	✓	
PJM_GEN_VFT_PROXY	323633	Linden VFT Scheduled Line	✓			✓	✓* (See Notes)	✓	
PJM_LOAD_VFT_PROXY	355723	Linden VFT Scheduled Line	✓			✓	✓* (See Notes)	✓	
PJM_HTP_GEN	323702	HTP Scheduled Line	✓			✓	✓* (See Notes)	✓	

Proxy Generator Bus	PTID	Scheduled Line	Designated Scheduled Line	Non-Competitive	CTS Enabled Proxy Generator Bus		Scheduling Frequencies		
					Requires CTS Bids	Permits CTS Bids	Hourly Scheduled	Variably Scheduled	Dynamically Scheduled (Not Presently Available)
HUDSONTP_345KV_HTP_LOAD	355839	HTP Scheduled Line	✓			✓	✓* (See Notes)	✓	
ISO New England									
N.E._GEN_SANDY_POND	24062				✓		✓** (See Notes)	✓	
NE_LOAD_SANDY_PD	55858				✓		✓** (See Notes)	✓	
NPX_GEN_CSC	323557	Cross Sound Scheduled Line	✓				✓		
NPX_LOAD_CSC	355535	Cross Sound Scheduled Line	✓				✓		
NPX_GEN_1385_PROXY	323591	Northport Norwalk Scheduled Line					✓		
NPX_LOAD_1385_PROXY	355589	Northport Norwalk Scheduled Line					✓		
Ontario									
O.H._GEN_BRUCE	24063						✓		
OH_LOAD_BRUCE	55859						✓		

Notes:

* At specifically identified Proxy Generator Buses (“* See Notes”), only Wheels Through (the NYCA) are scheduled on an hourly basis.

** At specifically identified Proxy Generator Buses (“** See Notes”), only wheels through the NYCA or a neighboring Control Area are scheduled on an hourly basis.

Pricing rules for Proxy Generator Buses are set forth in Section 17 of the Services Tariff.

The ISO may offer a more frequent scheduling option at a Proxy Generator Bus identified on the table. The ISO shall inform its Market Participants of the availability of such an option by providing notice at least two weeks in advance of the implementation of any such change. At the same time, the ISO shall update the above table to reflect the change in scheduling options by submitting a compliance filing in FERC Docket No. ER11-2547. Unless FERC acts on the ISO's compliance filing, the ISO shall effectuate the change in scheduling capability on the date it proposed in its compliance filing. The addition of new Proxy Generator Buses to the table, or changing the pricing rules that apply at a Proxy Generator Bus, may not be accomplished by submitting a compliance filing in Docket No. ER11-2547. The ISO may revert to establishing hourly Import and Export schedules using all available External Transaction Bids at a Proxy Generator Bus that is identified as a Dynamically or Variably Scheduled Proxy Generator Bus when the ISO or a neighboring Balancing Authority is not able to implement schedules as expected, or when necessary to ensure or preserve system reliability. When it reverts to hourly Import and Export schedules at a Dynamically or Variably Scheduled Proxy Generator Bus, the ISO shall apply the pricing rules for a corresponding Proxy Generator Bus that is not Dynamically Scheduled or Variably Scheduled. The ISO may cease evaluating CTS Interface Bids at CTS Enabled Proxy Generator Buses when the ISO or a neighboring Balancing Authority is not able to implement schedules as expected, or when necessary to ensure or preserve system reliability.

4.5 Real-Time Market Settlements

Transmission Customers and Customers taking service under this ISO Services Tariff or the ISO OATT, shall be subject to the Real-Time Market Settlement. All withdrawals and injections not scheduled on a Day-Ahead basis, including Real-Time deviations from any Day-Ahead External Transaction schedules, shall be subject to the Real-Time Market Settlement. Transmission Customers not taking service under this Tariff shall be subject to balancing charges as provided for under the ISO OATT. Settlements with Suppliers scheduling service from External Suppliers to the LBMP Market or to External Loads from the LBMP Market will be based upon scheduled withdrawals or injections. Real-Time Market Settlements for injections by Resources supplying Regulation Service or Operating Reserves shall follow the rules which are described in Rate Schedules 15.3 and 15.4, respectively.

For the purposes of this section, the scheduled output of each of the following Generators in each RTD interval in which it has offered Energy shall retroactively be set equal to its actual output in that RTD interval:

- (i) Generators, except for the Generator of a Behind-the-Meter Net Generation Resource, providing Energy under contracts executed and effective on or before November 18, 1999 (including PURPA contracts) in which the power purchaser does not control the operation of the supply source but would be responsible for penalties for being off-schedule, with the exception of Generators under must-take PURPA contracts executed and effective on or before November 18, 1999 who have not provided telemetering to their local TO and historically have not been eligible to participate in the NYPP market, which will continue to be treated as TO Load modifiers under the ISO-administered markets;

- (ii) Existing topping turbine Generators and extraction turbine Generators producing electric Energy resulting from the supply of steam to the district steam system located in New York City (LBMP Zone J) in operation on or before November 18, 1999 and/or topping or extraction turbine Generators utilized in replacing or repowering existing steam supplies from such units (in accordance with good engineering and economic design) that cannot follow schedules, up to a maximum total of 523 MW of such units.

This procedure shall not apply to Behind-the-Meter Net Generation Resources or a Generator for those hours it has used the ISO-Committed Flexible or Self-Committed Flexible bid mode.

In Sections 4.5.1, 4.5.2, 4.5.3, 4.5.4, 4.5.5 and 4.5.6 of this Tariff, references to “scheduled” Energy injections and withdrawals shall encompass injections and withdrawals that are scheduled Day-Ahead, as well as injections and withdrawals that occur in connection with real-time Bilateral Transactions. In Sections 4.5.1, 4.5.3, 4.5.4 and 4.5.6 of this Tariff, references to Energy Withdrawals and Energy Injections shall not include Energy Withdrawals or Energy Injections in Virtual Transactions, or Energy Withdrawals or Energy Injections at Trading Hubs. Generators, including Limited Energy Storage Resources, that are providing Regulation Service shall not be subject to the real-time Energy market settlement provisions set forth in this Section, but shall instead be subject to the Energy settlement rules set forth in Rate Schedule 15.3 of this ISO Services Tariff.

4.5.1 Settlement When Actual Energy Withdrawals Exceed Scheduled Energy Withdrawals Other Than Scheduled or Actual Withdrawals in Virtual Transactions

When the Actual Energy Withdrawals by a Customer over an RTD interval exceed the Energy withdrawals scheduled over that RTD interval, the ISO shall charge the Real-Time LBMP for Energy equal to the product of: (a) the Real-Time LBMP calculated in that RTD interval for each applicable Load Zone; and (b) the difference between the Actual Energy Withdrawals and the scheduled Energy withdrawals at that Load Zone.

If the Generator of a Behind-the-Meter Net Generation Resource is not able to serve the Resource's Host Load at any time, any resulting Actual Energy Withdrawals that serve the Host Load will be charged to the Load Serving Entity responsible for serving the Behind-the-Meter Net Generation Resource.

4.5.2 Settlement for Customers Scheduled To Sell Energy in Virtual Transactions in Load Zones

The Actual Energy Injection in a Load Zone by a Customer scheduled Day-Ahead to sell Energy in a Virtual Transaction is zero and the Customer shall pay a charge for the Energy imbalance equal to the product of: (a) the Real-Time LBMP calculated in that hour for the applicable Load Zone; and (b) the scheduled Day-Ahead Energy Injection of the Customer for that Hour in that Load Zone.

4.5.3 Settlement When Actual Energy Injections are Less Than Scheduled Energy Injections or Actual Demand Reductions are Less Than Scheduled Demand Reductions

4.5.3.1 General Rule

When the Actual Energy Injections by a Supplier over an RTD interval are less than the Energy injections scheduled Day-Ahead over that RTD interval, the Supplier shall pay a charge

for the Energy imbalance equal to the product of: (a) the Real-Time LBMP calculated in that RTD interval for the applicable Generator bus; and (b) the difference between the scheduled Day-Ahead Energy injections and the lesser of: (i) the Actual Energy Injections at that bus; or (ii) the Supplier's Real-Time Scheduled Energy Injection plus any Compensable Overgeneration. If the Energy injections by a Supplier over an RTD interval are less than the Energy injections scheduled for the Supplier Day-Ahead, and if the Supplier reduced its Energy injections in response to instructions by the ISO or a Transmission Owner that were issued in order to maintain a secure and reliable dispatch, the Supplier may be entitled to a Day-Ahead Margin Assurance Payment, pursuant to Attachment J of this ISO Services Tariff.

4.5.3.2 Failed Transactions

If an Energy injection scheduled by RTC at a Proxy Generator Bus fails in the ISO's checkout process, the Supplier or Transmission Customer that was scheduled to make the injection will pay the Energy imbalance charge described above in Section 4.5.3.1. In addition, if the checkout failure occurred for reasons within the Supplier's or Transmission Customer's control it will be required to pay the "Financial Impact Charge" described below. The ISO's Market Mitigation and Analysis Department will determine whether the Transaction associated with an injection failed for reasons within a Supplier's or Transmission Customer's control.

If an Energy injection at a Proxy Generator Bus is determined to have failed for reasons within a Supplier's or Transmission Customer's control, the Financial Impact Charge will equal: (i) the difference computed by subtracting the actual real-time Energy injection from the amount of the Import scheduled by RTC; multiplied by (ii) the greater of the Real-Time Market Congestion Component of the LBMP in the relevant interval, or zero.

If a Wheel Through fails for reasons within a Supplier's or Transmission Customer's control, the Financial Impact Charge will equal the sum of the Financial Impact Charge described in this section and the Financial Impact Charge described below in Section 4.5.4.2.

All Financial Impact Charges collected by the ISO shall be used to reduce the charges assessed under Rate Schedule 1 of this ISO Services Tariff. In the event that the Energy injections for an Import scheduled by RTC or RTD, at a Proxy Generator Bus is Curtailed at the request of the ISO, and (i) the real-time Energy Profile MW is equal to or greater than the Day-Ahead Energy Schedule for that interval, and (ii) the real-time Decremental Bid is less than or equal to the default real-time Decremental Bid amount as established by ISO procedures, then the Supplier or Transmission Customer that is subjected to the Curtailment, in addition to the charge for Energy Imbalance, shall be eligible to receive an Import Curtailment Guarantee Payment for its curtailed Import pursuant to Attachment J of this ISO Services Tariff.

4.5.3.3 Capacity Limited Resources and Energy Limited Resources

For any hour in which: (i) a Capacity Limited Resource is scheduled to supply Energy, Operating Reserves, or Regulation Service in the Day-Ahead Market; (ii) the sum of its schedules to provide these services exceeds its bid-in upper operating limit; (iii) the Capacity Limited Resource requests a reduction for Capacity limitation reasons; and (iv) the ISO reduces the Capacity Limited Resource's upper operating limit to a level equal to, or greater than, its bid-in upper operating limit; the imbalance charge for Energy, Operating Reserve Service or Regulation Service imposed on that Capacity Limited Resource for that hour for its Day-Ahead Market obligations above its Capacity limited upper operating limit shall be equal to the product of: (a) the Real-Time price for Energy, Operating Reserve Service and Regulation Capacity; and (b) the Capacity Limited Resource's Day-Ahead schedule for each of these services minus the

amount of these services that it has an obligation to supply pursuant to its ISO-approved schedule. When a Capacity Limited Resource's Day-Ahead obligation above its Capacity limited upper operating limit is balanced as described above, any real-time variation from its obligation pursuant to its Capacity limited schedules shall be settled pursuant to the methodology set forth in Section 4.5.3.1.

For any day in which: (i) an Energy Limited Resource is scheduled to supply Energy, Operating Reserves or Regulation Service in the Day-Ahead Market; (ii) the sum of its schedules to provide these services exceeds its bid-in Normal Upper Operating Limit; (iii) the Energy Limited Resource requests a reduction for Energy limitation reasons; and (iv) the ISO reduces the Energy Limited Resource's Day-Ahead Emergency Upper Operating Limit to a limit no lower than the Normal Upper Operating Limit; the Resource may be eligible to receive a Day-Ahead Margin Assurance Payment pursuant to Attachment J of this ISO Services Tariff.

4.5.3.4 Demand Reductions

When the verified actual Demand Reduction over an hour from a Demand Reduction Provider that is also the LSE providing Energy service to the Demand Side Resource(s) that produced the reduction is less than the Demand Reduction scheduled for that hour, that-LSE shall pay a Demand Reduction imbalance charge consisting of the product of: (a) the greater of the Day-Ahead LBMP or the Real-Time LBMP for that hour and (b) the difference between the scheduled Demand Reduction and the verified actual Demand Reduction in that hour.

When the verified actual Demand Reduction over an hour from a Demand Reduction Provider that is not the LSE providing Energy service to the Demand Side Resource(s) that produced the reduction is less than the Demand Reduction scheduled over that hour, then (1) the LSE providing Energy service to the Demand Reduction Provider's Demand Side Resource(s)

shall pay a Demand Reduction imbalance charge equal to the product of (a) the Day-Ahead LBMP calculated for that hour for the applicable Load bus and (b) the difference between the scheduled Demand Reduction and the verified actual Demand Reduction at that bus in that hour, and (2) the Demand Reduction Provider will pay an amount equal to (a) the product of (i) the higher of the Day-Ahead LBMP or the Real-Time LBMP calculated for that hour for the applicable Load bus, and (ii) the difference between the scheduled Demand Reduction and the verified actual Demand Reduction at that bus in that hour, and (b) minus the amount paid by the LSE providing service to the Demand Reduction Provider's Demand Side Resource(s) under (1), above.

4.5.4 Settlement When Actual Energy Withdrawals are Less Than Scheduled Energy Withdrawals Other Than Actual or Scheduled Withdrawals in Virtual Transactions

4.5.4.1 General Rules

When a Customer's Actual Energy Withdrawals over an RTD interval are less than its Energy withdrawals scheduled Day-Ahead over that RTD interval, the Customer shall be paid the product of: (a) the Real-Time LBMP calculated in that RTD interval for each applicable Load Zone; and (b) the difference between the scheduled Energy withdrawals and the Actual Energy Withdrawals in that Load Zone. In addition, a Customer LSE providing Energy service to a Demand Reduction Provider's Demand Side Resource in a Load Zone shall be charged the product of: (a) the Real-Time hourly LBMP for that Load Zone; and (b) the actual Demand Reduction at the Demand Reduction Bus in that Load Zone.

4.5.4.2 Failed Transactions

If an Energy withdrawal at a Proxy Generator Bus scheduled by RTC fails in the ISO's checkout process, the Supplier or Transmission Customer that was scheduled to make the

withdrawal will pay or be paid the energy imbalance charge described above in Section 4.5.4.1.

In addition, if the checkout failure occurred for the reasons within the Supplier's or Transmission Customer's control it will be required to pay the "Financial Impact Charge" described below.

The ISO's Market Mitigation and Analysis Department will determine whether the Transaction associated with a withdrawal failed for reasons within a Supplier's or Transmission Customer's control.

If an Energy withdrawal at a Proxy Generator Bus is determined to have failed for reasons within a Supplier's or Transmission Customer's control, the Financial Impact Charge will equal: (i) the difference computed by subtracting the actual real-time Energy withdrawal from the amount of the Export scheduled by RTC; multiplied by (ii) the product of negative one and the lesser of the Real-Time Market Congestion Component of the LBMP in the relevant interval, or zero.

If a Wheel Through fails for reasons within a Supplier's or Transmission Customer's control, the Financial Impact Charge will equal the sum of the Financial Impact Charge described in this subsection and the Financial Impact Charge described above in Section 4.5.3.2.

All Financial Impact Charges collected by the ISO shall be used to reduce the charges assessed under Rate Schedule 15.1 of this ISO Services Tariff.

4.5.5 Settlement for Customers Scheduled To Purchase Energy in Virtual Transactions in Load Zones

The Actual Energy Withdrawal in a Load Zone by a Customer scheduled Day-Ahead to purchase Energy in a Virtual Transaction is zero and the Customer shall be paid the product of:

(1) the Real-Time LBMP calculated in that hour for the applicable Load Zone; and (b) the scheduled Day-Ahead Energy Withdrawal of the Customer for that Hour in that Load Zone.

4.5.6 Settlement When Actual Energy Injections Exceed Scheduled Energy Injections

When Actual Energy Injections from a Generator over an RTD interval exceed the Energy injections scheduled Day-Ahead over the RTD interval the Supplier shall be paid the product of: (1) the Real-Time LBMP calculated in that RTD interval for the applicable Generator bus and (2) the difference between the lesser of (i) the Supplier's Actual Energy Injection or (ii) its Real-Time Scheduled Energy Injection for that RTD interval, plus any Compensable Overgeneration and the Supplier's Day-Ahead scheduled Energy injection over the RTD interval, unless the payment that the Supplier would receive for such injections would be negative (i.e., unless the LBMP calculated in that RTD interval at the applicable Generator's bus is negative) in which case the Supplier shall be paid the product of: (1) the Real-Time LBMP calculated in that RTD interval for the applicable Generator bus and (2) the difference between the Supplier's Actual Energy Injection for that RTD interval and the Supplier's Day-Ahead scheduled Energy injection over that RTD interval. A Generator that is not following Base Point Signals shall not be compensated for Energy in excess of its Real-Time Scheduled Energy Injection if its applicable upper operating limit has been reduced below its bid-in upper operating limit by the ISO in order to reconcile the ISO's dispatch with the Generator's actual output, or to address reliability concerns. Suppliers shall not be compensated for Energy in excess of their Real-Time Scheduled Energy Injections, except: (i) for Compensable Overgeneration; (ii) when the ISO initiates a large event reserve pickup or a maximum generation pickup under RTD-CAM; or (iii) when a Transmission Owner initiates a reserve pickup in accordance with a Reliability Rule, including a Local Reliability Rule. When there is no large event reserve pickup or maximum generation pickup, or when there is such an instruction but a Supplier is not located in the area affected by the maximum generation pickup, that Supplier shall not be compensated

for Energy in excess of its Real-Time Scheduled Energy Injection plus any Compensable Overgeneration. When there is a reserve pickup, or when there is a maximum generation pickup and a Supplier is located in the area affected by it, and the Supplier was either scheduled to operate in RTD or subsequently was directed to operate by the ISO, that Supplier shall be paid based on the product of: (1) the Real-Time LBMP calculated in that RTD Interval for the applicable Generator bus; and (2) the Actual Energy Injection minus the Energy injection scheduled Day-Ahead.

4.5.7 Settlement for Trading Hub Energy Owner when POI is a Trading Hub

Each Trading Hub Energy Owner who bids a Bilateral Transaction into the Real-Time Market with a Trading Hub as its POI and has its schedule accepted by the ISO will pay the product of: (a) the hourly integrated Real-Time LBMP for the Load Zone associated with that Trading Hub; and (b) the Bilateral Transaction scheduled MW.

4.5.8 Settlement for Trading Hub Energy Owner when POW is a Trading Hub

Each Trading Hub Energy Owner who bids a Bilateral Transaction into the Real-Time Market with a Trading Hub as its POW and has its schedule accepted by the ISO will be paid the product of: (a) the hourly integrated Real-Time LBMP for the Load Zone associated with that Trading Hub; and (b) the Bilateral Transaction scheduled MW.

4.5.9 Performance Tracking

The ISO shall use a Performance Tracking System to compute the difference between the Energy actually supplied and the Energy scheduled by the ISO for all Suppliers located within the NYCA and shall use it to measure compliance with criteria associated with the provision of Energy and Ancillary Services as set forth in the ISO Procedures. The Performance Tracking System shall also be used to report metrics for Loads.