

17.2 Accounting For Transmission Losses

17.2.1 Charges

Subject to Attachment K to the ISO OATT, the ISO shall charge all Transmission Customers for transmission system losses based on the marginal cost of losses on either a bus (including a Transmission Node) or zonal basis, described below.

17.2.1.1 Loss Model

The ISO's RTD software will use a power flow model and penalty factors to estimate losses incurred in performing generation dispatch (including dispatch of DER Aggregations) and billing functions for losses.

17.2.1.2 Residual Loss Payment

The ISO will determine the difference between the payments by Transmission Customers for losses and the payments to Suppliers for losses associated with all Transactions (LBMP Market or Transmission Service under Parts 3, 4 and 5 of the ISO OATT) for both the Day-Ahead and Real-Time Markets. The accounting for losses at the margin may result in the collection of more revenue than is required to compensate Generators and Aggregations for the Energy they produced to supply the actual losses in the system. This over collection is termed residual loss payments. The ISO shall calculate residual loss payments revenue on an hourly basis and will credit them against the ISO's Residual Adjustment (See Rate Schedule 1 of the ISO OATT).

17.2.2 Computation of Residual Loss Payments

17.2.2.1 Marginal Losses Component LBMP

The ISO shall utilize the Marginal Losses Component of the LBMP on an Internal bus, an External bus, or a zone basis for computing the marginal contribution of each Transaction to the system losses. The computation of these quantities is described in this Attachment.

17.2.2.1.1 Marginal Losses Component Day-Ahead

The ISO shall utilize the Marginal Losses Component computed by SCUC for computing the marginal contributions of each Transaction in the Day-Ahead Market.

17.2.2.1.2 Marginal Losses Component Real -Time

The ISO shall utilize the Marginal Losses Component calculated by the (i) RTD programs in most cases; or, (ii) during intervals when the conditions specified in Part 17.1 of this Attachment B exist at Proxy Generator Buses, the RTC program, for computing the Marginal Losses Component associated with each Transaction scheduled in the Real-Time Market (or deviations from Transactions scheduled in the Day-Ahead Market). The computations will be performed on an RTD-interval basis and aggregated to an hourly total.

17.2.2.2 Payments and Charges

Payments and charges to reflect the impact of Energy supplied (or withdrawn by Withdrawal-Eligible Generators) by each Generator and Aggregation, consumed by each Load, or transmitted by each Transmission Customer on the Marginal Losses Component shall be determined as follows. Each of these payments or charges may be negative.

17.2.2.3 Day-Ahead Payments and Charges

As part of the LBMP paid to all Suppliers scheduled Day-Ahead to provide Energy to the LBMP Market, the ISO shall pay each such Supplier the product of: (a) the injection scheduled

Day-Ahead from each of that Supplier's Generators or Aggregations in each hour, in MWh; and
(b) the Marginal Losses Component of the Day-Ahead LBMP at each of those Generators' buses
or Aggregation's Transmission Nodes, in \$/MWh.

As part of the LBMP charged to all LSEs scheduled Day-Ahead to purchase Energy from
the LBMP Market, the ISO shall charge each such LSE the product of: (a) the withdrawal
scheduled Day-Ahead in each Load Zone by that LSE in each hour, in MWh; and (b) the
Marginal Losses Component of the Day-Ahead LBMP in that Load Zone, in \$/MWh.

As part of the TUC charged to all Transmission Customers whose Transmission Service
has been scheduled Day-Ahead, the ISO shall charge each such Transmission Customer the
product of: (a) the amount of Energy scheduled Day-Ahead to be injected and withdrawn by that
Transmission Customer in each hour, in MWh; and (b) the Marginal Losses Component of the
Day-Ahead LBMP at the Point of Delivery (*i.e.*, Load Zone in which Energy is scheduled to be
withdrawn or the bus where Energy is scheduled to be withdrawn if the Energy is scheduled to
be withdrawn at a location outside the NYCA), minus the Marginal Losses Component of the
Day-Ahead LBMP at the Point of Receipt, in \$/MWh.

17.2.2.4 Real-Time Payments and Charges

As part of the LBMP paid to all Suppliers providing Energy to the Real-Time LBMP
Market, the ISO shall pay each such Supplier the product of: (a) the amount of Energy actually
injected by each of that Supplier's Generators or Aggregations in each hour (to the extent that
actual injections do not exceed the AGC or RTD Base Points Signals sent to that Supplier for
those Generators plus any Compensable Overgeneration payable pursuant to ISO Procedures),
minus the amount of Energy each of those Generators or Aggregations was scheduled Day-
Ahead to inject in that hour, in MWh; and (b) the loss component of the Real-Time LBMP at
each of those Generator's buses or Aggregation's Transmission Nodes, in \$/MWh.

As part of the LBMP charged to all LSEs that purchase Energy from the LBMP Market, the ISO shall charge each such LSE the product of (a) the Actual Energy Withdrawals by that LSE in each Load Zone in each hour, minus the Energy withdrawal scheduled Day-Ahead in that Load Zone by that LSE for that hour, in MWh; and (b) the Marginal Losses Component of the Real-Time LBMP in that Load Zone, in \$MWh.

As part of the TUC charged to all Transmission Customers whose Transmission Service was scheduled after the determination of the Day-Ahead schedule, or who schedule additional Transmission Service after the determination of the Day-Ahead schedule, the ISO shall charge each such Transmission Customer the product of: (a) Actual Energy Withdrawals scheduled RTD in each hour, minus the amount of Energy scheduled Day-Ahead to be withdrawn by that Transmission Customer in that hour, in MWh; and (b) the Marginal Losses Component of the Real-Time LBMP at the Point of Delivery (i.e., the Load Zone in which Energy is scheduled to be withdrawn or the External bus where Energy is scheduled to be withdrawn if Energy is scheduled to be withdrawn at a location outside the NYCA), minus the Marginal Losses Component of the Real-Time LBMP at the Point of Receipt, in \$MWh.

As part of the LBMP paid to all Suppliers providing an amount of Energy that differs from the amount of Energy those Suppliers were scheduled by RTD to provide ~~Energy~~ in an hour in association with Bilateral Transactions, the ISO shall pay each such Supplier the product of:

(a) the amount of Energy actually injected by each of that Supplier's Generators and/or Aggregation in each hour (to the extent that actual injections do not exceed the AGC or RTD Base Points Signals sent to that Supplier for those Generators or Aggregations plus any Compensable Overgeneration payable pursuant to ISO Procedures) minus the amount of Energy each of those Generators or Aggregations was scheduled by RTD to provide ~~Energy~~ in that hour in association with Bilateral Transactions, in MWh; and (b) the Marginal Losses Component of

the Real-Time LBMP at each of those Generators' buses, or Aggregation's Transmission Node in \$/MWh.

As part of the LBMP charged to all LSEs consuming an amount of Energy that deviates from the amount of Energy those LSEs were scheduled by RTD to consume in an hour in association with Bilateral Transactions, the ISO shall charge each such LSE the product of: (a) the Actual Energy Withdrawals by that LSE in each Load Zone in each hour, minus the Energy withdrawal scheduled by RTD in that Load Zone by that LSE for that hour in association with Bilateral Transactions, in MWh; and (b) the Marginal Losses Component of the Real-Time LBMP in that Load Zone, in \$/MWh.