5.10   NYCA Minimum Installed Capacity Requirement

The NYCA Minimum Installed Capacity Requirement is derived from the NYCA Installed Reserve Margin, which is established each year by the NYSRC and the NYCA Peak Load Forecast. The NYCA Minimum Installed Capacity Requirement for the Capability Year beginning each May 1 will be established by multiplying the NYCA peak Peak Load forecasted Forecast, which is determined by the ISO as described below in this section and Section 5.11 and in accordance with ISO Procedures, by the quantity of one plus the NYCA Installed Reserve Margin.

For the purpose of determining the Minimum UCAP Requirements for LSEs in the upcoming Capability Year, each Transmission Owner and each municipal electric utility will submit to the ISO, for its review pursuant to mutually agreed upon procedures which shall be described in the ISO Procedures, the weather-adjusted Load within its Transmission District during the non-holiday weekday hour occurring in July or August in which actual Load in the NYCA was highest for the current Capability Year. (Municipal electric utilities may elect not to submit weather-adjusted data, in which case, weather adjustments shall be performed per ISO Procedures. The ISO shall use these data to determine the Adjusted Actual Load for this non-holiday weekday hour for each Transmission District and municipal electric utility pursuant to ISO Procedures, which shall ensure that transmission losses and the effects of demand reduction programs and the other elements of Adjusted Actual Load are treated in a consistent manner and that all weather normalization procedures meet a minimum criterion described in the ISO Procedures. Each Load forecast for a Transmission District or municipal electric utility that is used to determine the coincident NYCA Peak Load Forecast for the upcoming Capability Year shall be the product of that Transmission District or municipal electric utility's Adjusted Actual

Load multiplied by one plus the regional Load growth factor for that Transmission District or municipal electric utility developed pursuant to Section 5.10 of this Tariff. After calculating each Transmission District or municipal electric utility Load forecast, if the ISO determines that an Adjusted Actual Load determined for a Transmission District or municipal electric utility does not reflect reasonable expectations of what Load might reasonably have been expected to occur in that Transmission District or area served by that municipal electric utility in that Capability Year, after taking into consideration the adjustments to account for weather normalization, transmission losses and demand response programs and other elements of Adjusted Actual Load that are described in the ISO Procedures, the ISO Procedures shall also authorize the ISO to substitute its own measures of Adjusted Actual Load for that Transmission District or area serviced by that municipal electric utility in this calculation, subject to the outcome of dispute resolution procedures if invoked. The ISO's measure of Adjusted Actual Load shall be binding unless otherwise determined as the result of dispute resolution procedures that may be invoked.

The ISO shall translate the NYCA Installed Reserve Margin, and thus the NYCA Minimum Installed Capacity Requirement, into a NYCA Minimum Unforced Capacity Requirement.   For each Capability Period, the NYCA Minimum Unforced Capacity Requirement shall equal the product of the NYCA Minimum Installed Capacity Requirement and the ratio of (1) the total amount of Unforced Capacity that the specified Resources are qualified to provide during such Capability Period, as of the time the NYCA Minimum Unforced Capacity Requirement is determined as specified in ISO Procedures, to (2) the sum of the DMNCs used to determine the Unforced Capacities of such Resources for such Capability Period. The foregoing calculation shall be determined using the Resources in the NYCA in the most recent final version

of the ISO's annual Load and Capacity Data Report, with the addition of Resources commencing commercial operation since completion of that report and the deletion of Resources with scheduled or planned retirement dates before or during such Capability Period.

The NYCA Minimum Unforced Capacity Requirement represents a minimum level of Unforced Capacity that must be secured by LSEs in the NYCA for each Obligation Procurement Period. Under the provisions of this Services Tariff and the ISO Procedures, each LSE will be obligated to procure its LSE Unforced Capacity Obligation. The LSE Unforced Capacity Obligation will be determined for each Obligation Procurement Period by the ICAP Spot Market Auction, in accordance with ISO Procedures. Qualified Resources will have the opportunity to supply amounts of Unforced Capacity to meet the LSE Unforced Capacity Obligation as established by the ICAP Spot Market Auction.

The ISO will calculate a NYCA Peak Load Forecast each year by applying regional Load growth factors to the prior calendar year's Adjusted Actual Peak Load. Regional Load growth factors shall be proposed by the Transmission Owners and reviewed by the ISO pursuant to procedures agreed to by Market Participants and described in the ISO Procedures. Disputes concerning the development of regional Load growth factors shall be resolved through the Expedited Dispute Resolution Procedures set forth in Section 5.17 of this Tariff.

The ISO shall determine the amount of Unforced Capacity that must be sited within the NYCA, and within each Locality, and the amount of Unforced Capacity that may be procured from areas External to the NYCA, in a manner consistent with the Reliability Rules. New Transmission projects to which the NYISO has granted UDRs will not affect the determination

by the ~~NY~~ISO of the amount of Unforced Capacity that must be located within the NYCA or

within each Locality of the NYCA.