Attachment III

1.4 Definitions - D

DADRP Component: As defined in the ISO Services Tariff.

Day-Ahead: Nominally, the twenty-four (24) hour period directly preceding the Dispatch Day, except when this period may be extended by the ISO to accommodate weekends and holidays.

Day-Ahead LBMP: The LBMPs calculated based upon the ISO's Day-Ahead Security Constrained Unit Commitment process.

Day-Ahead Market: The ISO Administered Market in which Capacity, Energy and/or Ancillary Services are scheduled and sold Day-Ahead consisting of the Day-Ahead scheduling process, price calculations and Settlements.

Day-Ahead Reliability Unit: A Day-Ahead committed Resource which would not have been committed but for the commitment request by a Transmission Owner in order to meet the reliability needs of the Transmission Owner's local system which request was made known to the ISO prior to the close of the Day-Ahead Market.

Decremental Bid: A monotonically increasing Bid Price curve provided by an entity engaged in a Bilateral Import or Internal Transaction to indicate the LBMP below which that entity is willing to reduce its Generator's output and purchase Energy in the LBMP Markets, or by an entity engaged in a Bilateral Wheel Through transaction to indicate the Congestion Component cost below which that entity is willing to accept Transmission Service.

Demand Side Resources: A Resource that results in the control of a Load in a responsive, measurable, and verifiable manner and within time limits established in the ISO Procedures.

Dennison Scheduled Line: A transmission facility that interconnects the NYCA to the Hydro Quebec Control Area at the Dennison substation, located near Massena, New York and extends through the province of Ontario, Canada (near the City of Cornwall) to the Cedars substation in Quebec, Canada.

Dependable Maximum Net Capability ("DMNC"): The sustained maximum net output of a Generator, as demonstrated by the performance of a test or through actual operation, averaged over a continuous time period as defined in the ISO Procedures.

Designated Agent: Any entity that performs actions or functions on behalf of the Transmission Owner, an Eligible Customer, or the Transmission Customer required under the Tariff.

Desired Net Interchange ("DNI"): A mechanism used to set and maintain the desired Energy interchange (or transfer) between two Control Areas; it is scheduled ahead of time and can be changed manually in real-time.

Developer: An Eligible Customer developing a generation project larger than 20 megawatts, or a merchant transmission project, proposing to interconnect to the New York State Transmission System, in compliance with the NYISO Minimum Interconnection Standard and, depending on the Developer's interconnection service election, also in compliance with the NYISO Deliverability Interconnection Standard.

Direct Assignment Facilities: Facilities or portions of facilities that are constructed by the Transmission Owner(s) for the sole use/benefit of a particular Transmission Customer requesting service under the ISO OATT. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.

Direct Sale: The sale of ETCNL, and Grandfathered TCCs directly to a buyer by the Transmission Owner that is the Primary Holder through a non-discriminatory auditable sale conducted on the ISO's OASIS, in compliance with the requirements and restrictions set forth in Commission Orders 888 et seq. and 889 et seq.

Dispatchable: A bidding mode in which Generators or Demand Side Resources indicate that they are willing to respond to real-time control from the ISO. Dispatchable Resources may either be ISO-Committed Flexible or Self Committed Flexible. Dispatchable Demand Side Resources must be ISO Committed Flexible. Dispatchable Resources that are not providing Regulation Service will follow five-minute RTD Base Point Signals. Dispatchable Resources that are providing Regulation Service will follow six-second AGC Base Point Signals.

Dispatch Day: The twenty-four (24) hour (or, if appropriate, the twenty-three (23) or twenty-five (25) hour) period commencing at the beginning of each day (0000 hour).

DSASP Component: As defined in the ISO Services Tariff.

Dynamically Scheduled Proxy Generator Bus: A Proxy Generator Bus for which the ISO may schedule Transactions at 5 minute intervals in real time. Dynamically Scheduled Proxy Generator Buses are identified in Section 4.4.4 of the Services Tariff.

2.16 Dispute Resolution Procedures

The dispute resolution procedures in the ISO Market Administration and Control Area Services Tariff shall apply to any dispute arising under this Tariff, except as otherwise indicated.

31.1 General Overview

31.1.1 New York Comprehensive System Planning Process ("CSPP")

31.1.1.1 Reliability Planning Process

Sections 31.2.1 through 31.2.6 of this Attachment describe the process that the NYISO, the Transmission Owners, and Market Participants and other interested parties shall follow for planning to meet the reliability needs of the New York State Bulk Power Transmission Facilities ("BPTFs"). The objectives of the process are to: (1) evaluate the reliability needs of the BPTFs pursuant to Reliability Criteria (2) identify, through the development of appropriate scenarios, factors and issues that might adversely impact the reliability of the BPTFs; (3) provide a process whereby solutions to identified needs are proposed, evaluated on a comparable basis, and implemented in a timely manner to ensure the reliability of the system; (4) provide an opportunity for the development of market-based solutions while ensuring the reliability of the BPTFs; and (5) coordinate the NYISO's reliability assessments with neighboring Control Areas.

The NYISO will provide, through the analysis of historical system congestion costs, information about historical congestion including the causes for that congestion so that Market Participants and other stakeholders can make appropriately informed decisions. See Appendix A.

31.1.1.2 Transmission Owner Planning Process

The Transmission Owners will continue to plan for their transmission systems, including the BPTFs and other NYS Transmission System facilities. The planning process of each Transmission Owner is referred to herein as the Local Transmission Owner Planning Process ("LTPP"), and the plans resulting from the LTPP are referred to herein as Local Transmission Plans ("LTPs"), whether under consideration or finalized. Each Transmission Owner will be

responsible for administering its LTPP and for making provisions for stakeholder input into its LTPP. The NYISO's role in the LTPP is limited to the procedural activities described in this Attachment Y.

The finalized portions of the LTPs periodically prepared by the Transmission Owners will be used as inputs to the Reliability Planning Process described in this Attachment Y. Each Transmission Owner will prepare an LTP for its transmission system in accordance with the procedures described in Section 31.2.1.

31.1.1.3 Economic Planning Process

Sections 31.3.1 and 31.3.2 of this Attachment Y describe the process that the NYISO, the Transmission Owners, and Market Participants shall follow for economic planning to identify and reduce current and future projected congestion on the New York State BPTFs. The objectives of the economic planning process are to: (1) project congestion on the New York State BPTFs over the ten-year planning period of this Comprehensive System Planning Process, (2) identify, through the development of appropriate scenarios, factors that might produce or increase congestion, (3) provide a process whereby projects to reduce congestion identified in the economic planning process are proposed and evaluated on a comparable basis in a timely manner, (4) provide an opportunity for the development of market-based solutions to reduce the congestion identified, and (5) coordinate the NYISO's congestion assessments and economic planning process with neighboring Control Areas.

31.1.1.4 Participation In The ESPWG and TPAS

For purposes of any matter addressed by this Attachment Y, participation in the ESPWG and TPAS shall be open to any interested entity, irrespective of whether that entity has become a Party to the ISO Agreement. Only Parties to the ISO Agreement who have signed the appropriate Non-Disclosure Agreement will have access to CEII data. Access to Confidential

Information shall be in accordance with the provisions of the NYISO's Code of Conduct, as found in Section 12.4 of Attachment F of the NYISO OATT and Article 6 of the Services Tariff.

31.1.2 Definitions

Unless otherwise defined in this document, capitalized terms used herein shall have the meanings ascribed to them in the OATT.

ATRA: The Annual Transmission Reliability Assessment conducted under Attachment S to the NYISO OATT.

CARIS: The Congestion Assessment and Resource Integration Study for economic planning developed by the NYISO in consultation with the Market Participants and other interested parties under this Attachment Y.

CRP: The Comprehensive Reliability Plan as approved by the NYISO Board of Directors pursuant to this tariff.

CSPP: The Comprehensive System Planning Process set forth in this Attachment Y, which covers reliability planning, economic planning, cost allocation and cost recovery, and interregional planning coordination.

ESPWG: The Electric System Planning Work Group, or any successor work group or committee designated to fulfill the functions assigned to the ESPWG in this tariff.

Five Year Base Case: The model representing the New York State Power System over the first five years of the Study Period.

Gap Solution: A solution to a Reliability Need that is designed to be temporary and to strive to be compatible with permanent market-based proposals. A permanent regulated solution, if appropriate, may proceed in parallel with a Gap Solution.

LTP: The Local Transmission Owner Plan, developed by each Transmission Owner, which describes its respective plans that may be under consideration or finalized for its own Transmission District.

LTPP: The Local Planning Process conducted by each Transmission Owner for its own Transmission District.

Other Developers: Parties or entities sponsoring or proposing to sponsor regulated economic projects or regulated solutions to Reliability Needs who are not Transmission Owners.

Management Committee: The standing committee of the NYISO of that name created pursuant to the ISO Agreement.

New York State Bulk Power Transmission Facilities: The facilities identified as the New York State Bulk Power Transmission Facilities in the annual Area Transmission Review submitted to NPCC by the NYISO pursuant to NPCC requirements.

NYCA Free Flow Test: A NYCA unconstrained internal transmission interface test, performed by the NYISO to determine if a Reliability Need is the result of a statewide resource deficiency or a transmission limitation.

NYDPS: The New York State Department of Public Service, as defined in the New York Public Service Law.

NYPSC: The New York Public Service Commission, as defined in the New York Public Service Law.

Operating Committee: The standing committee of the NYISO of that name created pursuant to the ISO Agreement.

Reliability Criteria: The electric power system planning and operating policies, standards, criteria, guidelines, procedures, and rules promulgated by the North American Electric Reliability Council ("NERC"), Northeast Power Coordinating Council ("NPCC"), and the New York State Reliability Council ("NYSRC"), as they may be amended from time to time.

Reliability Need: A condition identified by the NYISO in the RNA as a violation or potential violation of Reliability Criteria.

Responsible Transmission Owner: The Transmission Owner or Transmission Owners designated by the NYISO, pursuant to the NYISO Planning Process, to prepare a proposal for a regulated solution to a Reliability Need or to proceed with a regulated solution to a Reliability Need. The Responsible Transmission Owner will normally be the Transmission Owner in whose Transmission District the NYISO identifies a Reliability Need.

RNA: The Reliability Needs Assessment as approved by the NYISO Board under this tariff.

Study Period: The ten-year time period evaluated in the RNA.

TPAS: The Transmission Planning Advisory Subcommittee, or any successor work group or committee designated to fulfill the functions assigned to TPAS in this tariff.

31.1.3 NYISO Implementation and Administration

31.1.3.1 The NYISO shall adopt procedures for the implementation and administration of the CSPP set forth in this Attachment Y, and shall revise those procedures as and when necessary. Such procedures will be incorporated in the NYISO's manuals, including NYISO's Comprehensive Reliability Planning Process Manual. The NYISO's procedures shall provide for the open and transparent coordination of the CSPP to allow Market Participants and all other interested parties to have a meaningful opportunity to participate in each stage of the CSPP through the meetings conducted in accordance with the NYISO system of collaborative governance. Confidential information and Critical Energy Infrastructure Information exchanged through the CSPP shall be subject to the protections for such information contained in the NYISO's tariffs and procedures, including this Attachment Y and Attachment F of the NYISO OATT.

31.1.3.2 The NYISO's procedures shall include a schedule for the collection and submission of data and the preparation of models to be used in the studies contemplated under this tariff. That schedule shall provide for a rolling two-year cycle of studies and reports. Each cycle commences with the LTPP providing input into the Reliability Planning Process. When the Reliability Planning Process is completed, it is then followed by the Economic Planning Process.

31.1.3.3 The NYISO's procedures shall be designed to allow the coordination of the NYISO's planning activities with those of NERC, NPCC, the NYSRC, neighboring Control Areas and other regional reliability organizations so as to

develop consistency of the models, databases, and assumptions utilized in making reliability and economic determinations.

31.1.3.4 The NYISO's procedures shall facilitate the timely identification and resolution of all substantive and procedural disputes that arise out of the CSPP. Any party participating in the CSPP and having a dispute arising out of the CSPP may seek to have its dispute resolved in accordance with NYISO governance procedures during the course of the CSPP. If the party's dispute is not resolved in this manner as a part of the plan development process, the party may invoke formal dispute resolution procedures administered by the NYISO that are the same as those available to Transmission Customers under Section 2.16 of the NYISO OATT and Section 11 of the ISO Market Administration and Control Area Services Tariff. Disputes arising out of the LTPP shall be addressed by the dispute resolution process set forth in Section 31.2.1.3 of this Attachment Y.

31.1.3.5 Except for those cases where the NYISO OATT provides that an individual customer shall be responsible for the cost, or a specified share of the cost, of an individually requested study related to interconnection or to system expansion or to congestion and resource integration, the study costs incurred by the NYISO as a result of its administration of the CSPP will be recovered from all customers through and in accordance with Rate Schedule 1 of the NYISO OATT.