NEW YORK INDEPENDENT SYSTEM OPERATOR

10 Krey Boulevard ♦ Rensselaer, NY 12144

February 26, 2010

By Hand Delivery

Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: ***New York Independent System Operator, Inc.*, Docket No. ER10-___-___**
Proposed Amendments to Eliminate Tariff Provisions Concerning Network Integration Transmission Service

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Power Act,[1] the New York Independent System Operator, Inc. ("NYISO") hereby submits proposed revisions to its Open Access Transmission Tariff ("OATT") and Market Administration and Control Area Services Tariff ("Services Tariff") to delete provisions pursuant to which Network Integration Transmission Service is currently available in New York. These provisions appear in the NYISO Tariffs as a vestige of a requirement in the earliest Commission orders addressing the formation of the NYISO, that all *pro forma* tariff provisions be included in the NYISO's OATT. No Market Participant has ever sought Network Integration Transmission Service under the NYISO OATT.[2] The NYISO believes that this is because the NYISO provides a financial reservation-based transmission service under its OATT that renders Network Integration Transmission Service unnecessary.

The presence of this unused and superfluous service in the NYISO Tariffs has, until now, not complicated the NYISO's markets or burdened its Market Participants. However, new rules being developed by the North American Energy Standards Board ("NAESB"), pursuant to requirements that the Commission first established in Order No. 890,[3] would require the NYISO to commit resources to develop new online functionality in support of Network Integration Transmission Service. The NYISO is now proposing, with the concurrence of its stakeholders, to remove Network Integration Transmission Service from its Tariffs. The NYISO and a large majority of its stakeholders have decided that the cost of adding this new electronic functionality in order to continue maintaining Network Integration Transmission Service far surpasses any benefits of retaining the service. This is because the principal advantage of the *pro forma* form of Network Integration Transmission Service, *i.e.*, the opportunity for a Transmission Customer

---

[1] 16 U.S.C. §824d (2000).

[2] *See Central Hudson Gas & Electric Corp., et al.*, 86 FERC ¶ 61,062 (1999), *order on reh'g.*, 88 FERC ¶ 61,253 (1999).

[3] *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008) *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228 (2009)..

to schedule service from a single generator to a variety of Loads, or from a variety of Generators to a single Load, without securing physical transmission reservations for each transaction, is also available under the NYISO OATT through its bid-based, financial rights version of Point-to-Point transmission service without requiring the level of administrative complexity found in Network Integration Service.

The proposed tariff amendments have been approved by the NYISO's Management Committee.

I. Documents Submitted

1. This filing letter;

2. A clean version of the proposed revisions to the NYISO's Open Access Transmission Tariff ("OATT") and Market Administration and Control Area Services Tariff ("Services Tariff") ("Attachment I"); and

3. A blacklined version of the proposed revisions to the NYISO's Open Access Transmission Tariff ("OATT") and Market Administration and Control Area Services Tariff ("Services Tariff") ("Attachment II").

II. Background and Justification

Under the *pro forma* OATT, Network Integration Transmission Service is a form of physical reservation based transmission service in which a Transmission Customer reserves physical capacity by designating Network Resources that are to be used to serve designated Network Load. The designation of Network Resources and Network Loads reserves the associated transmission paths, and permits the Transmission Customer to rely on multiple designated Network Resources across a given territory to serve its load. The *pro forma* version of the service provides greater flexibility than the *pro forma* form of Point-to-Point Transmission Service and there are therefore more restrictions on its use.

The original proposals to establish the NYISO in 1997 and 1998 provided for a single form of financial reservation based transmission service. In 1999, the Commission required the NYISO's sponsors to file an OATT that included both kinds of *pro forma* transmission services but allowed them to propose changes to reflect the financial nature of transmission service in the NYISO model. The Commission ultimately accepted Point-to-Point and Network Integration Transmission Service provisions that were substantially modified to reflect the fact that they would be offered within a framework of locational based marginal pricing and continuous economic redispatching. Under both services, customers were required to pay congestion costs, unless they wanted only "non-firm" service, but could hedge those costs by obtaining transmission congestion contracts ("TCCs"). Both services provided customers with the same ability to use multiple resources to serve loads. At the same time, some of the *pro forma* OATT's restrictions on obtaining Network Integration Transmission Service, including the extensive application requirements, were retained in the NYISO OATT. Given that both services offer the same benefits under the NYISO

system, but Network Integration Transmission Service is the more cumbersome of the two to obtain, it is not surprising that it has gone unused in the decade since the NYISO's inception.

Even though Network Integration Transmission Service has been unused the NYISO has, until recently, had little reason to seek to remove it from its tariff. However, new rules under development by NAESB's Wholesale Electric Quadrant ("WEQ") pertaining to Network Integration Transmission Service, in compliance with Commission directives in Order Nos. 890, 890-A, and 890-B, would require that the NYISO add significant new electronic functionality to facilitate the offer and administration of this service. These proposed standards would require the NYISO to install entirely new functionality to its online Market Information System ("MIS") to allow Transmission Customers to: (1) submit electronic requests to designate and terminate Network Resources; (2) query requests to designate and terminate Network Resources; and (3) query all information provided with designation requests. The rules would also require the NYISO to process requests for Network Integration Transmission Service Applications through MIS, including requests for temporary and indefinite terminations of Network Resources and for concomitant evaluations of transmission requests and temporary terminations. The NYISO would also be required to mask designated Network Resource operating restrictions and generating cost information

After weighing the costs and benefits of adding these new functionalities, the NYISO and a large majority of its stakeholders have concluded that the value of retaining Network Integration Transmission Service under the NYISO system does not support the investment in new electronic functionality that will be required by the NAESB standards. Deleting this service from the NYISO's tariffs will not disrupt or otherwise negatively impact services currently being utilized by Transmission Customers in New York (since the service has never been utilized.) Its removal, however, will allow the NYISO to avoid the potentially expensive software upgrade that NAESB's rules would require. Therefore, this filing is proposing a series of tariff revisions to eliminate Network Integration Transmission Service.

The NYISO has regularly sought, and been granted, waivers of other NAESB WEQ standards that inapplicable to the NYISO due to the differences between its financial reservation transmission model and the physical reservation model contemplated under Order 890.[4] The NYISO has supported its waiver requests by noting that the NYISO's Tariffs contain provisions very different from the *pro forma* OATT language that otherwise supports NAESB proposals. Where, as here, however, the proposed standards affect the entire business of offering and administering this type of transmission service, a waiver request could be less compelling if the service continues to be offered in NYISO. Eliminating Network Integration Transmission Service would permit the NYISO to avoid spending scarce project funds on implementing new electronic business standards for an unnecessary and unused transmission product.

---

[4] *New York Independent System Operator, Inc.*, 117 FERC ¶ 61,197 (2006) (granting waivers of several WEQ standards); *New York Independent System Operator, Inc.*, 121 FERC ¶ 61,036 (2007) (granting waiver of limited portions of the revised WEQ-004 Coordinate Interchange business practice standard).

Moreover, vestigial provisions of the OATT concerning transmission service that are superfluous within the context of the NYISO's bid-based financial transmission model should be removed to avoid confusion and to clarify the NYISO's other compliance obligations. Notwithstanding such a deletion, however, the NYISO believes that its bid-based point-to-point financially-based transmission service, coupled with the regular availability of TCCs of longer than six-months duration,[5] will continue to result in the NYISO's provision of transmission service that is consistent with or superior to the long-term physically firm transmission service available under the *pro forma* OATT.[6] In 2008, the Commission held that the form of financial reservation service offered in New York satisfied Order No. 890's "consistent with or superior to" standard even though the NYISO made it clear in its compliance filings that Network Integration Transmission Service had been unused and would likely be targeted for elimination in future filings.[7]

The Commission's own comfort with ISO/RTO tariffs that differ significantly from the *pro forma* OATT model appears to have increased significantly since 1999. Most notably, the California Independent Transmission System Operator Corporation ("CAISO"), has a Commission-accepted OATT that includes neither of the *pro forma* transmission services. The CAISO instead offers a form of "daily" transmission service that is fundamentally similar to what the NYISO provides.[8] As with the NYISO, the CAISO's form of transmission service was found to have met the Order No. 890 "consistent with or superior to" standard.[9]

The NYISO therefore proposes to remove Part III of the OATT and all related references to Network Integration Transmission Service with the exception of three provisions which it proposes to revise and retain by moving them to other provisions of the OATT.

The NYISO is proposing to move the only OATT reference to Load Shedding, currently found in Part III of the OATT, to Section 13.6 of the OATT in order to retain the Tariff authority to pursue Load Shedding and Curtailment procedures in the event of a system emergency. The proposed revised language in Section 13.6 provides:

---

[5] In compliance with its obligations under Order No. 681, *et al.*, (*Long-Term Firm Transmission Rights in Organized Electricity Markets*, Order No. 681, FERC Stats. & Regs. ¶ 31,226, *order on reh'g*, Order No. 681-A, 117 FERC ¶ 61,201 (2006).) the NYISO is developing with its stakeholders, opportunities for LSEs to seek five year TCCs, from non-historic points of injection, at fixed prices. The NYISO intends to present its proposal to the Commission in a filing due April xx, 2010.

[6] 88 FERC 61,138 (1999) mimeo at p. 8.

[7] *See. e.g., New York Independent System Operator, Inc.*, 123 FERC ¶ 61,134 at P 13 (2008).

[8] *See.* California Independent System Operator Corporation, Compliance Filing, Docket No. OA08-12-000 (October 11, 2007) ("the CAISO does not offer traditional Order No. 888 network and point-to-point transmission services; the CAISO offers only a single "daily" transmission service that is available to all eligible customers. There are no firm, long-term transmission reservations of capacity under the CAISO's service model. Likewise, there is no formal application process for transmission service. Instead, service is scheduled on a daily basis.")

[9] *e.g., California Independent System Operator Corporation,* 123 FERC ¶ 61,180 (2008).

> The NYISO will implement Load Shedding and Curtailment procedures when the ISO determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The ISO will notify all affected Transmission Owners in a timely manner of any scheduled Load Shedding.

The NYISO also proposes to amend Section 19 E of the OATT and Section A.1.1 of OATT Attachment Y to address concerns raised by municipal Load Serving Entities ("LSEs") during the NYISO's governance process. These amendments would expressly recognize that the NYISO's planning process considers municipal LSE loads as well as Transmission Owner native load in system planning and strives to maintain transmission capacity to assure delivery to LSE customers in a manner that is comparable to Transmission Owner obligations to serve native load. Representatives of the municipal LSEs were concerned that eliminating the provisions related to Network Integration Transmission Service might somehow reduce or eliminate these guarantees. The NYISO did not believe that its proposal would have that effect but has included the additional clarifying language to avoid any possible ambiguity.

Similarly, although the NYISO does not agree that eliminating Network Integration Transmission Service would adversely affect the manner in which LSE Load is considered in the NYISO's planning process, the NYISO is proposing to add the underlined sentence to the following paragraph of Section 19 E of the OATT:

> The ISO shall conduct the Comprehensive Reliability Planning Process in accordance with Attachment Y to this Tariff and ISO Procedures and shall include all statewide load on a comparable basis in that process. To the extent practicable, the ISO shall coordinate the performance of the studies required under Attachment Y with any transmission and interconnection studies that may be requested under sections 19.0, 19A, 19B, 32.0, 32A, and 32B of this Tariff.

In addition, the NYISO proposes to add the underlined phrase below to Section A.1.1 of Attachment Y to expressly indicate that planning for reliability needs includes an evaluation of the reliability needs of Municipal LSEs:

> Sections 4.0 through 9.0 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 and Good Utility Practice, which evaluation shall include all Load . . . .

III. Description of Proposed Tariff Revisions

A. OATT

1. OATT Body

The NYISO proposes to delete the entirety of Part III of the OATT, Sections 28 to 35.3, which describe the application process for, and administration of, Network Integration Transmission Service. The NYISO also proposes to amend the Body of the OATT by eliminating the following definitions:

Section 1.20 Network Customer
Section 1.21 Network Integration Transmission Service
Section 1.22 Network Load
Section 1.23 Network Operating Agreement
Section 1.24 Network Operating Committee
Section 1.25 Network Resource
Section .26a Network Upgrade Agreement[10]
Section 1.31 Part III
Section 1.44 Third Party Sale

The NYISO proposes to eliminate throughout the body of the OATT all references to "Network Integration Service," "Network Operating Agreement," "Part III," or "Sections 32, 32B, and 32A." This requires changes in Sections 1.2, 1.17, 1.45, 1.48, 1.49, 7B.1, 7B.1(ii), 7B.1(iii), 7B.2(ii), 7B.3(ii), 9.0, 13.2, 14.2, 14.7, 19.10, 19C, 19E, 26.0, and Section IV's Preamble. As discussed above, the NYISO also proposes an amendment to Section 19 E.

2. OATT Attachments

The NYISO proposes to eliminate in their entirety:

Attachment G, which contains the *pro forma* Network Operating Agreement;
Attachment I which contains an index of Network Integration Transmission Service Customers; and
Attachment O which contains the *pro forma* service agreement for Network Integration Transmission Service.

---

[10] The NYISO is proposing to use this opportunity to eliminate this defined term because it is not currently used anywhere in its OATT. It is likewise not a defined term under the Order No. 890 *pro forma* OATT.

The NYISO proposes to amend provisions in OATT Attachments H, J and Y to delete references to "Network Integration Transmission Service," "Part III," or the Sections being proposed for deletion. As discussed above, the NYISO proposes amendments for Attachment Y.

3. OATT Rate Schedules

The NYISO proposes to amend Schedules 1, 3 and 4 of the OATT to delete references to "Part III" and to delete all of Schedule 9 which describes the schedule of charges for Network Integration Transmission Service.

B. Services Tariff

The NYISO proposes to delete Section 2.109, the definition of "Network Integration Transmission Service," and to amend Section 2.190 to delete the reference to "Network Integration."

IV. Effective Date

The NYISO requests an effective date 60 days from the date of this filing, *i.e.*, April 27, 2010.

V. Requisite Stakeholder Approval

The NYISO's Management Committee approved this proposal with negative votes from the two representatives of municipal LSEs and positive votes from one Generation Owner, two Other Suppliers, two Transmission Owners and the only two State Public Power Authorities. Although several members of the Management Committee abstained, the vote was 90.8% in favor.

VI. Communications and Correspondence

All communications and service in this proceeding should be directed to:

Robert E. Fernandez, General Counsel
Elaine Robinson, Interim Vice President External Affairs
*Mollie Lampi, Assistant General Counsel
New York Independent System Operator, Inc.
10 Krey Boulevard
Rensselaer, NY 12144
Tel: (518) 356-8875
Fax: (518) 356-7678
rfernandez@nyiso.com
erobinson@nyiso.com
mlampi@nyiso.com

* Designated to receive service.

VII. Service

This filing will be posted on the NYISO's website at www.nyiso.com. In addition, the NYISO will email an electronic link to this filing to the official representative of each of its customers, to each participant on its stakeholder committees, to the New York Public Service Commission, and to the electric utility regulatory agencies of New Jersey and Pennsylvania. The NYISO will also make a paper copy available to any interested party that requests one.

VIII. Conclusion

Wherefore, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission accept this filing to be effective April 27, 2010.

Respectfully submitted,

Mollie Lampi
Assistant General Counsel
New York Independent System Operator, Inc.
10 Krey Blvd.
Rensselaer, New York 12144
(518) 356 7530
mlampi@nyiso.com

cc: Michael McLaughlin
Anna Cochrane
Connie Caldwel
Michael Bardee
Kathleen Nieman
Lance Hinrichs
Rachel Spiker
Gregory Berson
Jeffrey Honeycutt

1.2 **Annual Transmission Costs:** The total annual cost of the Transmission System for purposes of Point-to-Point Transmission Services shall be the amount specified in Attachment H until amended by the Transmission Owners or modified by the Commission.

1.2a **Annual Transmission Revenue Requirement:** The total annual cost for each Transmission Owner (other than LIPA) to provide transmission service subject to review and acceptance by FERC or other authority.

1.3 **Application:** A request by an Eligible Customer for Transmission Service pursuant to the provisions of this Tariff.

1.3a **Automatic Generation Control ("AGC"):** The automatic regulation of the power output of electric generating facilities within a prescribed range in response to a change in system frequency, or tie-line loading, to maintain system frequency or scheduled interchange with other areas within predetermined limits.

1.3a.1 Reserved for future use

1.3a.2 Reserved for future use.

1.3a.3 Reserved for future use.

1.3b **Availability:** A measure of time that a generating facility, transmission line or other facility is or was capable of providing service, whether or not it actually is in-service.

1.3c **Available Generating Capacity:** Generating Capacity that is on line to serve Load and/or provide Ancillary Services, or is capable of initiating start-up for the purpose of serving Transmission Customers or providing Ancillary Services, within thirty (30) minutes.

1.15f ISO Related Agreements: Collectively, the ISO Agreement, the NYSRC Agreement, the ISO/NYSRC Agreement and the ISO/TO Agreement.

1.15g ISO Services Tariff: The ISO Market Administration and Control Area Services Tariff.

1.15h ISO Tariffs: The ISO OATT and the ISO Services Tariff, collectively.

1.15i LBMP Markets: A term that collectively refers to both the Real-Time Market and the Day-Ahead Market.

1.15i.1 Linden VFT Scheduled Line: A transmission facility that interconnects the NYCA to the PJM Interconnection, L.L.C. Control Area in Linden, New Jersey.

1.15j LIPA Tax-Exempt Bonds: Obligations issued by the Long Island Power Authority, the interest in which is not included in gross income under the Internal Revenue Code.

1.15k Load: A term that refers to either a consumer of Energy or the amount of Energy (MWh) or demand (MW) consumed by certain consumers.

1.16 Load Ratio Share: The ratio of an LSE's Load to Load within the NYCA during a specified time period.

1.16a Load Serving Entity ("LSE"): An entity, including a municipal electric system and an electric cooperative, authorized or required by law, regulatory authorization or requirement, agreement, or contractual obligation to supply Energy, Capacity and/or Ancillary Services to retail customers located within the NYCA, including an entity that takes service directly from the ISO to supply its own load in the NYCA.

1.17 Load Shedding: The systematic reduction of system demand by temporarily decreasing Load in response to Transmission System or area Capacity shortages, system instability, or voltage control considerations.

1.17a Load Zone: One (1) of eleven (11) geographical areas located within the NYCA that is bounded by one (1) or more of the fourteen (14) New York State Interfaces.

1.19b NERC Transaction Priorities: The reservation and scheduling priority applied to a Transaction under the NERC Transmission Loading Relief Procedure.

1.19c NERC Transmission Loading Relief ("TLR") Procedure: "Standard IRO-006-3 – Reliability Coordination – Transmission Loading Relief" as approved in Docket No. ER06-1545, and any amendments thereto. See www.nerc.com for the current version of the NERC TLR Procedure.

1.19d Net Auction Revenue: The total amount, in dollars, as calculated pursuant to Section 3.1 of Attachment N, remaining after collection of all charges and allocation of all payments associated with a round of a Centralized TCC Auction or a Reconfiguration Auction. Net Auction Revenue takes into account: (i) revenues from and payments for the award of TCCs in a Centralized TCC Auction or Reconfiguration Auction, (ii) payments to Transmission Owners releasing ETCNL, (iii) payments or charges to Primary Holders selling TCCs, (iv) payments to Transmission Owners releasing Original Residual TCCs, (v) O/R-t-S Auction Revenue Surplus Payments and U/D Auction Revenue Surplus Payments, and (vi) O/R-t-S Auction Revenue Shortfall Charges and U/D Auction Revenue Shortfall Charges. Net Auction Revenue may be positive or negative.

1.19e Net Congestion Rent: The total amount, in dollars, as calculated pursuant to Section 2.1 of Attachment N, remaining after collection of all Congestion-related charges and allocation of all Congestion-related payments associated with the Day-Ahead Market. Net Congestion Rent takes into account: (i) charges and payments for Congestion Rents, (ii) settlements with TCC Primary Holders, (iii) O/R-t-S Congestion Rent Shortfall Charges and U/D Congestion Rent Shortfall Charges, and (iv) O/R-t-S Rent Congestion Surplus Payments and U/D Congestion Rent Surplus Payments. Net Congestion Rent may be positive or negative.

1.20 Reserved for future use.

1.21 Reserved for future use.

1.22 Reserved for future use.

1.23 Reserved for future use.

1.24 Reserved for future use.

1.25 Reserved for future use.

1.26 **Network Upgrades:** Modifications or additions to transmission facilities that are integrated with and support the Transmission Owner's overall Transmission System for the general benefit of all users of such Transmission System.

1.26a Reserved for future use.

1.30 Part II: Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.31 Reserved for future use.

1.31a Part IV: Tariff Sections 36 through 37 pertaining to Retail Access Service.

1.32 Party or Parties: The ISO and the Transmission Customer receiving service under the Tariff.

1.32a Performance Tracking System: A system designed to provide quantitative comparisons of actual values versus expected and forecasted values for Generators and Loads (See Rate Schedule 3 of the ISO Services Tariff). This system will be used by the ISO to measure compliance with criteria associated with the provision of Regulation and Frequency Response Service.

1.33 Point(s) of Delivery: Point(s) on the NYS Transmission System where Capacity and Energy transmitted by the ISO will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Firm Point-To-Point Transmission Service. (Same as Point of Withdrawal.)

1.42e 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.

1.43 System Impact Study: An assessment by the ISO of (i) the adequacy of the NYS Transmission System to accommodate a request to build facilities in order to create incremental transfer capability, resulting in incremental TCCs, in connection with a request for Firm Point-To-Point Transmission Service; and (ii) the additional costs to be incurred in order to provide the incremental transfer capability.

1.43a Tangible Net Worth: The value, determined by the ISO, of all of a Customer's assets less both: (i) the amount of the Customer's liabilities and (ii) all of the Customer's intangible assets, including, but not limited to, patents, trademarks, franchises, intellectual property, and goodwill.

1.44 Reserved for future use.

1.44a Third Party Transmission Wheeling Agreements ("Third Party TWAs"): A Transmission Wheeling Agreement, as amended, between Transmission Owners or between a Transmission Owner and an entity that is not a Transmission Owner associated with the purchase (or sale) of Energy, Capacity, and/or Ancillary Services for the benefit of an entity that is not a Transmission Owner. These agreements are listed in Attachment L, Table 1A and 1B.

1.44b Total Transfer Capability ("TTC"): The amount of electric power that can be transferred over the interconnected transmission network in a reliable manner.

1.44b.1 Trading Hub: A virtual location in a given Load Zone, modeled as a Generator bus and/or Load bus, for scheduling Bilateral Transactions in which both the POI and POW are located within the NYCA.

1.44b.2 Trading Hub Energy Owner: A Customer who buys energy in a Bilateral Transaction in which the POW is a Trading Hub, or who sells energy in a Bilateral Transaction in which the POI is a Trading Hub.

1.44c Transaction: The purchase and/or sale of Energy or Capacity, or the sale of Ancillary Services.

1.44d Transfer Capability: The measure of the ability of interconnected electrical systems to reliably move or transfer power from one area to another over all transmission facilities (or paths) between those areas under specified system conditions.

1.44d.1 Transmission Congestion Contract Component ("TCC Component"): As defined in the ISO Services Tariff.

1.44e Transmission Congestion Contracts ("TCCs"): The right to collect or obligation to pay Congestion Rents in the Day-Ahead Market for Energy associated with a single MW of transmission between a specified POI and POW. TCCs are financial instruments that enable Energy buyers and sellers to hedge fluctuations in the price of transmission.

1.45 Transmission Customer: Any Eligible Customer (or its designated agent) that (i) executes a Service Agreement, or (ii) requests in writing that the ISO file with the Commission a proposed unexecuted Service Agreement to receive Transmission Service under Part II and/or IV of the Tariff.

Transmission Owners and others, that are found to meet all applicable criteria.

1.47b Transmission Reliability Margin ("TRM"): The amount of TTC reserved by the ISO to ensure the interconnected transmission network is secure under a reasonable range of uncertainties in system conditions.

1.48 Transmission Service: Point-To-Point or Retail Access Transmission Service provided under Parts II and IV of the Tariff.

1.48a Transmission Service Charge ("TSC"): A charge designed to ensure recovery of the embedded cost of a Transmission Owner's transmission system.

1.48b Transmission Shortage Cost: The maximum reduction in system costs resulting from an incremental relaxation of a particular Constraint that will be used in calculating LBMP. The Transmission Shortage Cost is set at $4000/MWh.

1.49 Transmission System: The facilities operated by the ISO that are used to provide Transmission Services under Part II or Part IV of this Tariff.

1.49a Transmission Usage Charge ("TUC"): Payments made by the Transmission Customer to cover the cost of Marginal Losses and, during periods of time when the transmission system is Constrained, the marginal cost of Congestion. The TUC is equal to the product of: (1) the LBMP at the POW minus the LBMP at the POI (in $/MWh); and (2) the scheduled or delivered Energy (in MWh).

1.49b Transmission Wheeling Agreement ("TWA"): The agreements listed in Tables 1A and 1B of Attachment L to the ISO OATT governing the use of specific or designated transmission facilities that are owned, controlled or operated by an entity for the transmission of Energy in interstate commerce.

1.49b.1 UCAP Component: As defined in the ISO Services Tariff.

1.49b.2 Unrated Customer: As defined in the ISO Services Tariff.

1.49b.3 Unsecured Credit: As defined in the ISO Services Tariff.

Grandfathered Agreements are described in Attachment K.

7B.1 Transmission Service Charge - General Applicability

The TSC charge is applied to all Actual Energy Withdrawals from the NYS Power System under Part II of this Tariff, except for withdrawals by a Transmission Owner to provide bundled retail service or scheduled withdrawals associated with grandfathered transactions as specified in Attachments K and L. The TSC charge also is applied to Transactions to destinations outside the NYCA (Export or Wheel-Through Transactions), except as provided for in Section 7B.1(iv) of this Tariff.

Subject to the foregoing, the TSC applies to all Actual Energy Withdrawals regardless of whether the withdrawals occur in conjunction with a Bilateral Transaction or through the purchase of Energy from an LBMP Market. The TSC is payable under this Section regardless of whether the withdrawal is scheduled under Part II of this Tariff. Customers buying Energy from a Transmission Owner as part of a bundled retail rate will pay a portion of the Transmission Owner's transmission revenue requirement as part of their retail rates. Sales to these customers will be included in the billing units used to calculate each Transmission Owner's TSC under this Tariff in accordance with Attachment H.

Transmission Customers who are parties to grandfathered agreements specified in Attachment L will pay the applicable contract rate in those agreements. Revenues from these agreements will be credited against the Transmission Owners' individual revenue requirements in calculating the TSC.

(i) **Payable to Transmission Owners:** The TSC will be payable to Transmission Owners, in the manner described below in the remainder of Section 7B.1.

(ii) **Payable by Retail Access Customers:** Retail access customers or LSEs scheduling on their behalf will pay a TSC to their respective Transmission Owners under the provisions described in Part IV of this Tariff. The TSC is payable under Part IV (Retail Access Service) regardless of whether the LSE takes service under Part II (Point-to-Point Service) of this Tariff.

(iii) **Payable by LSEs Serving Non-Retail Access Load in NYCA:** LSEs serving NYCA Load that is not part of a retail access program, such as customers of municipal electric systems, will pay a TSC to the Transmission Owner in whose Transmission District the Load is located. The TSC shall apply to Actual Energy Withdrawals by the Load,

regardless of whether such withdrawals are associated with Transmission Service under Part II of this Tariff or purchases from an LBMP Market, whether the withdrawals are scheduled or unscheduled, and regardless of whether the withdrawals were made on the Load's behalf by the LSE or by another Transmission Customer.

(iv) **Payable by Eligible Customers Scheduling Export or Wheel-Through Transactions:** Eligible Customers scheduling Transactions to destinations outside the NYCA (Export or Wheel-Through Transactions) are subject to a TSC as calculated in Attachment H. The TSC charge shall be eliminated on all Exports and Wheel-Through Transactions scheduled with the ISO to destinations within the New England Control Area; provided that the following conditions shall continue to be met: (1) a Commission approved tariff provision is in effect that provides for unconditional reciprocal elimination of charges on Exports and Wheel-Through Transactions from the New England Control Area to the New York Control Area; (2) no change in the provisions in this Tariff related to Local Furnishing Bonds and Other Tax Exempt Financing shall be

(ii) **Payable by Eligible Customers Scheduling Transmission Service:** All Transmission Customers scheduling Transmission Service under Part II of this Tariff shall pay the applicable TUC charge as calculated in the Attachment J hereto. Eligible Customers scheduling non-firm transactions under Part II will be subject to the Losses Component of the TUC only except as noted in Section 14.7 of this Tariff.

(iii) **Payable by Transmission Owners Scheduling Bilateral Transactions on Behalf of Bundled Retail Customers:** Transmission Owners scheduling Transmission Service to supply bundled retail customers shall pay the applicable TUC charge.

(iv) **Payable by Eligible Customers or Transmission Owners Scheduling Direct LBMP Purchases from the LBMP Market:** Any Transmission Customer, or Transmission Owner purchasing from the LBMP Market to supply bundled retail customers, will pay the Congestion Rent and Marginal Losses charge applicable to its location. These Congestion Rent and Marginal Losses charges will be included in the calculation of the LBMP charged by the ISO for the purchase of Energy from the LBMP Market.

7B.3 Ancillary Services

(i) **Payable to the ISO:** All Ancillary Services charges are payable directly to the ISO.

(ii) **Payable by LSEs:** All LSEs scheduling Transmission Service under Part II of this Tariff or purchasing Energy from the LMBP Market to supply Load in the NYCA shall pay Ancillary Services charges as described in Schedules 1 through 6 of this Tariff. The charges will be assessed on the basis of all Actual Energy Withdrawals by the Load, regardless of whether such withdrawals are scheduled or unscheduled, and regardless of whether they are scheduled on the Load's behalf by the LSE or by another Transmission Customer. As explained in Schedule 1, in certain circumstances the Schedule 1 charge may vary depending upon the Transmission District in which the Load is located.

(iii) **Payable by Customers Scheduling External Transactions:** Eligible Customers scheduling Export or Wheel-Through Transactions to destinations outside the NYCA, or purchases from the LBMP Market to serve Load outside the NYCA shall pay Ancillary Services charges under Schedules 1, 2, 4, and 5 of this Tariff. The charges will be assessed on the basis of all Scheduled Energy Withdrawals from the NYCA.

Third-Party Sales under this Tariff; and include in a separate operating revenue account or subaccount the revenues received by the Transmission Owner for a System Impact Study or Facilities Study performed when such amounts are separately stated and identified in the Transmission Customer's billing under this Tariff.

9.0 Regulatory Filings

Subject to Section 9A, nothing contained in the Tariff, or any Service Agreement shall be construed as affecting in any way the right of the ISO, or any Transmission Owner, with respect to a change in its revenue requirement, to unilaterally make an application to the Commission, pursuant to Section 205 of the FPA, for a change in rates, terms and conditions, charges, classification of service or a Service Agreement.

Subject to Section 9A, nothing contained in this Tariff or any Service Agreement shall be construed as affecting in any way the ability of any party receiving service under this Tariff to exercise its rights under the FPA and pursuant to the Commission's rules and regulations promulgated thereunder.

II. POINT-TO-POINT TRANSMISSION SERVICE

Preamble

The ISO will provide Firm and Non-Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff over the transmission facilities of the parties to the ISO/TO Agreement. Point-To-Point Transmission Service is for the receipt of Capacity and Energy at designated Point(s) of Receipt and the transfer of such Capacity and Energy to designated Point(s) of Delivery. Firm Point-To-Point Transmission Service is service for which the Transmission Customer has agreed to pay the Congestion Rent associated with its service. Non-Firm Point-To-Point Transmission Service is service for which the Transmission Customer has not agreed to pay Congestion Rent. A Transmission Customer may fix the price of Day-Ahead Congestion Rent associated with its Firm Point-To-Point Transmission Service by acquiring sufficient TCCs with the same Points of Receipt and Delivery as its Transmission Service. Notwithstanding any provision in this Part to the contrary, External Transactions scheduled at the Proxy Generator Buses associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, or the Linden VFT Scheduled Line shall be subject to the requirements of Attachment N to the ISO Services Tariff.

13.0 Nature of Firm Point-To-Point Transmission Service

13.1 Term: The minimum term of Firm Point-To-Point Transmission Service shall be one hour and the maximum term shall be specified in the Service Agreement.

13.2 Reservation Priority: All requests for Firm Point-to-Point Transmission Service will be deemed to have the same reservation priority.

All Firm Point-to-Point Transmission Service will have priority over Non-Firm Point-to-Point Transmission Service under the Tariff.

13.3 Use of Firm Transmission Service by the Transmission Owner(s): The Transmission Owner will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after the effective date of ISO, or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Owners will maintain separate accounting, pursuant to Section 8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

13.4 Service Agreements: The ISO shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Firm Point-To-Point Transmission Service. Executed Service Agreements that contain the information required under this Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

transactions require Curtailment, to the extent practicable and consistent with right to Curtail, in whole or in part, any Firm Transmission Service provided under this Tariff when, in the ISO's sole discretion, an Emergency or other unforeseen condition impairs or degrades the reliability of the NYS Power System. The ISO will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments. If the ISO declares a Major Emergency State, Transmission Customers shall comply with all directions issued by the ISO concerning the avoidance, management, and alleviation of the Major Emergency and shall comply with all procedures concerning a Major Emergency set forth in the ISO Procedures and the Reliability Rules. If the ISO is required to Curtail Transmission Service as a result of a Transmission Loading Relief ("TLR") event, the ISO will perform such Curtailment in accordance with the NERC TLR Procedure.

The ISO will implement Load Shedding and Curtailment procedures when the ISO determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The ISO will notify all affected Transmission Owners in a timely manner of any scheduled Load Shedding.

13.7 Classification of Firm Transmission Service:

(i) The Transmission Customer taking Firm Point-To-Point Transmission Service, other than Transmission Customers taking Firm Point-to-Point Transmission Service associated with a Pre-Scheduled Transaction, may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 22.1 or (2) request a modification of the Points of Receipt or Delivery on a firm basis

available when there is no Congestion between the Point(s) of Receipt and the Point(s) of Delivery for the Transaction. In all instances, Non-Firm Point-to-Point Transmission Service shall have a lower priority than Firm Point-to-Point Transmission Service. A customer requesting non-firm Transmission Service that cannot be accommodated in the Day-Ahead Schedule because of Congestion may upgrade to Firm Point-to-Point Transmission Service up to ninety (90) minutes prior to a given hour by rescheduling the Transaction and agreeing to pay the real-time Congestion Rents associated with the Transaction.

14.3 Use of Non-Firm Point-To-Point Transmission Service by the Transmission Owner: The Transmission Owners will be subject to the rates, terms and conditions of Part II of this Tariff when making Third-Party Sales under (i) agreements executed on or after the date this Tariff is effective or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Owners will maintain separate accounting, pursuant to Section 8, for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.

14.7 Curtailment or Interruption of Service: The ISO reserves the right to Curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when, an Emergency or other unforeseen condition threatens to impair or degrade the reliability of the NYS Transmission System. The ISO reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under this Tariff for economic reasons if the NYS Transmission System experiences Congestion. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the Constraint, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Point-to-Point Transmission Service. The ISO will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice. The process of Curtailment of Non-Firm Point-To-Point Transmission Service for Imports, Exports, and Wheels Through may cause these non-firm transactions to incur incidental real-time Congestion Rents due to inter-Control Area Curtailment procedures.

15.0 Service Availability

15.1 General Conditions: The ISO will provide Firm and Non-Firm Point-To-Point

All Eligible Customers involved in a cluster study will be required to execute the System Impact Study Agreement and/or Facilities Study Agreement which provides that the System Impact Study or Facilities Study will be performed as a cluster study. The study will be performed in accordance with the procedures set forth in section 19.3 and 19.4 with the exception that the timeline for performing the System Impact Study or Facilities Study will begin to run after all Eligible Customers who have notified the ISO or Transmission Owner of their intent to participate in a cluster study have executed a System Impact Study Agreement or Facilities Study Agreement, or on a later date authorized under those provisions.

Once Eligible Customers agree to have the ISO or a Transmission Owner cluster their System Impact Studies or Facilities Studies, the Eligible Customers may not opt out of the cluster unless the ISO or affected Transmission Owner(s), respectively, agree(s), in its or their sole discretion, to allow it.

Eligible Customers that have agreed to cluster their System Impact Study or Facilities Study shall be responsible for reimbursing the ISO or affected Transmission Owner for performing the clustered System Impact Study or Facilities Study in equal shares, unless the Eligible Customers in the cluster independently agree to an alternate

with the Transmission Owner with whose system the Eligible Customer proposes to interconnect. After completion of the Interconnection Facilities Study and Attachment S cost allocation process, the Developer of a Large Generating Facility may elect, in accordance with the Large Facility Interconnection Procedures in Attachment X, to continue with its proposed interconnection by entering into a Standard Large Generator Interconnection Agreement with the ISO and the Transmission Owner with whose system the Developer proposes to interconnect.

19B.4 Interconnection Facilities Cost: The Developer of the proposed Large Facility shall be responsible for the cost of the facilities needed for its project to reliably interconnect to the New York State Power System, in accordance with the interconnection facilities cost allocation rules set out in Attachment S.

19C Prioritizing Transmission and Interconnection Studies

For the purposes of determining the priority for: (i) Interconnection proposals submitted by an Eligible Customer, in writing, and currently pending with one or more Transmission Owner(s) prior to the effective date of this Tariff; (ii) transmission studies requested pursuant to the provisions of a Transmission Owner's Open Access Tariff prior to the date of ISO OATT Tariff implementation or transmission studies requested pursuant to Sections 19.4 and 19.8 of this Tariff; (iii) transmission studies requested by Eligible Customers pursuant to Sections 19A.2 of this Tariff; (iv) proposals submitted pursuant to Section 18.02 of the ISO

Agreement; and (v) interconnection proposals submitted pursuant to 19B of this Tariff; the ISO shall give priority to each transmission study or Interconnection proposal on the basis of its date of submittal to the ISO or Transmission Owner. Before the effective date of this Tariff, the date of submittal of each transmission study or Interconnection proposal shall be determined by the application procedures of each Transmission Owner. New transmission studies or Interconnection proposals submitted after the effective date of this Tariff shall be subject to the same prioritization procedures, unless such procedures are modified by the ISO. In the event of different submission dates before one or more Transmission Owners or the ISO, the earliest

submittal date shall be used for prioritization. After an effective date to be determined by the Commission, Large Facility Interconnection Requests shall be subject to the prioritization process included in the Large Facility Interconnection Procedures in Attachment X. The ISO may determine the priority of transmission studies under Section 18.03 of the ISO Agreement and studies requested by the PSC under Section 19A.1 of this Tariff according to procedures to be developed by the ISO.

19D Small Generator Interconnections

The interconnection procedures, and standard interconnection agreement, to be used for the interconnection of generating facilities no larger than 20MWs, are set forth in Attachment Z to this ISO OATT.

19E The Comprehensive Reliability Planning Process

The ISO shall conduct the Comprehensive Reliability Planning Process in accordance with Attachment Y to this Tariff and ISO Procedures and shall include all statewide load on a comparable basis in that process.. To the extent practicable, the ISO shall coordinate the performance of the studies required under Attachment Y with any transmission and interconnection studies that may be requested under sections 19.0, 19A and 19B of this Tariff.

20.0 Procedures if The Transmission Owner is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service

20.1 Delays in Construction of New Facilities: If any event occurs that will materially affect the time for completion of new facilities, or the ability to

Upon filing of a proposal to recover stranded costs under the FPA, the Transmission Owner shall immediately provide the ISO with a copy of the appropriate rate schedule which will be incorporated as a new SIRC rate schedule under this Tariff, subject to refund as may be required by the Commission. Any SIRC rate schedule developed by LIPA under this Tariff will be effective upon receipt by the ISO, subject to any applicable laws and orders.

27.0 Compensation for New Facilities and Redispatch Costs

Whenever a System Impact Study performed by the ISO in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities, the Transmission Customer shall be responsible for such costs to the extent consistent with Commission policy.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Reserved for future use.

Customers under this Tariff. Retail access customers will take service under Part IV of this Tariff. All Sections of this Tariff apply to LSEs serving such customers. Eligible Customers, such as electric utilities, are not required to offer retail access to their customers as a condition of service under this Tariff. All retail access customers serving as their own LSE must take Transmission Service under Part II of this Tariff in addition to taking service under Part IV. The common service provisions of Part I apply to retail access customers including LSEs.

36.0 Rights and Responsibilities of Eligible Customers and LSEs

36.1 Eligible Customers: Subject to Section 36.2, each Eligible Customer taking service under a retail access tariff of a Transmission Owner may, but need not, select an LSE to serve its needs for Energy and related services, according to the provisions of the applicable retail access tariff or retail access operating procedures. Such Eligible Customer must become a Transmission Customer under this Tariff. Each retail access customer shall be responsible for paying the retail Transmission Service Charge to the affected Transmission Owner, as provided for in the individual Transmission Owner's retail access tariffs. If an Eligible Customer selects an LSE to serve as its agent in procuring Transmission Service

SCHEDULE 1

SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE

This service is required to schedule the purchase, sale and movement of power through, out of, within, or into the NYCA. This service can be provided only by the ISO. The Transmission Customer must purchase this service from the ISO. The ISO Services Charge for Scheduling, System Control and Dispatch Service and any rebillings associated therewith are set forth below.

1. Parties to Which Charges Apply

The ISO shall charge, and Transmission Customers taking service under the ISO OATT, only, including Special Case Resources, Emergency Demand Response Program participants, Transmission Customers that have their virtual bids accepted and thereby engage in Virtual Transactions, and Transmission Customers that purchase Transmission Congestion Contracts, excluding Transmission Congestion Contracts that are created prior to [the date that the Commission issues an Order approving these revisions], shall pay an "ISO Services Charge" as calculated in Section 2.B of this Rate Schedule on all Transmission Services provided pursuant to Parts II and IV to this Tariff, provided that Transmission Customers who are retail access customers who are being served by an LSE shall not pay this charge to the ISO; the LSE shall pay these charges. Transmission Customers taking service under both the ISO OATT and the ISO Services Tariff shall pay the applicable ISO Services Charge as calculated (i) in Sections 3.A through C of Rate Schedule 1 of the ISO Services Tariff, and (ii) in Sections 2.B.3 and 2.B.4 of this Rate Schedule.

2. Billing Units and Calculation of Rates

The ISO shall charge each Transmission Customer based on the product of: (i) the ISO Services Charge rate for Scheduling, System Control and Dispatch Service; and (ii) the

The actual Residual Adjustment for each month shall be the sum of the hourly Residual Adjustments calculated as follows: (A) the ISO's receipts from Transmission Customers and Primary Holders of TCCs for services which equal the sum of: (i) payments for Energy scheduled in the LBMP Market in that hour in the Day-Ahead commitment; (ii) payments for Energy purchased in the Real-Time LBMP Market for that hour that was not scheduled Day-Ahead; (iii) payments for Energy by generating facilities that generated less Energy in the real- time dispatch for that hour than they were scheduled Day-Ahead to generate in that hour for the LBMP Market; (iv) TUC payments made in accordance with Parts II, III and IV of this Tariff that were scheduled in that hour in the Day-Ahead commitment; and (v) real-time TUC payments in accordance with Parts II and IV of this Tariff that were not scheduled in that hour in the Day-Ahead commitment; (B) less the ISO's payments to generation facilities, Transmission Owners and Primary Holders of TCCs equal to the sum of the following: (i) payments for Energy to generation facilities that were scheduled to operate in the LBMP Market in that hour in the Day-Ahead commitment; (ii) payments to generation facilities for Energy provided to the ISO in the real-time dispatch for that hour that those generation facilities were not scheduled to generate in that hour in the Day-Ahead commitment; (iii) payments for Energy to LSEs that consumed less Energy in the real-time dispatch than those LSEs were scheduled Day-Ahead to consume in that hour;

Self-Supply or purchase this service from alternate Suppliers.

2.0 Charges to Transmission Customers

(a) For all Actual Energy Withdrawals for Load located in the NYCA, the LSE is considered the Transmission Customer taking service under Parts II and IV of this Tariff for purposes of this Rate Schedule and shall pay a charge for this service on all Transmission Service in accordance with this Tariff and purchases in the LBMP Markets in accordance with the ISO Services Tariff, when such service serves Load located in the NYCA.

(b) The ISO shall charge Transmission Customers and LSEs serving Load in the NYCA for Regulation and Frequency Response for each hour. The ISO shall charge Transmission Customers or LSEs taking service under Part IV of the ISO OATT to supply Station Power as third-party providers for Regulation and Frequency Response for each day. The charge shall be calculated as the Regulation and Frequency Response Rate, determined as an hourly or a daily rate as appropriate, multiplied by the LSE's or Transmission Customer's Load for the hour or by the Transmission Customers or LSEs withdrawals to provide Station Power as a third party provider for the day. The ISO shall calculate the Regulation and Frequency Response Rate, for an hour or for a day as appropriate, as follows:

$$Rate_{RFR} = \frac{\text{(Supplier Payment - Supplier Charge - Generator Charge)}}{Load_{NYCA}}$$

where: $Rate_{RFR}$ is the hourly or daily rate for Regulation and Frequency Response;

SCHEDULE 4

ENERGY IMBALANCE SERVICE

Energy Imbalance Service is provided when (1) a difference occurs between the scheduled and the actual delivery of Energy to a Load located within the NYCA over a single hour, or (2) a difference occurs between the scheduled and actual delivery of Energy from a POI within the NYCA to a neighboring control area in a single hour. The ISO must offer this service when the Transmission Service is used to serve Load within the NYCA or for an Export Transaction when the generation source is a Generator located in the NYCA. The Transmission Customer must purchase this service from the ISO.

The charges for Energy Imbalance Service are set forth below.

1.0 Energy Imbalance Service Charges

For each Transmission Customer that has executed a Service Agreement under the ISO Services Tariff, Energy Imbalance Service is considered to be supplied by the Real-Time Market and will be charged at the Real-Time LBMP price determined pursuant to Attachment J.

For each Transmission Customer that is not a Customer under the ISO Services Tariff and is receiving service under Part II of this Tariff, the ISO shall establish a deviation band of +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly

SCHEDULE 9

Reserved for future use.

Sheet Nos. 292 through 299 are reserved for future use.

ATTACHMENT G

Reserved for future use.

ATTACHMENT H

ANNUAL TRANSMISSION REVENUE REQUIREMENT FOR POINT-TO-POINT TRANSMISSION SERVICE

I. TSC

1.0 Applicability of the Transmission Service Charge to Wholesale Customers

Each month, each wholesale Transmission Customer shall pay to the appropriate Transmission Owner the applicable Wholesale Transmission Service Charge ("Wholesale TSC") calculated in accordance with Section 2.2 of this Attachment for the first two months of LBMP implementation and in accordance with Section 2.1 of this Attachment thereafter. The TSC shall apply to Transmission Service:

(a) from one or more Interconnection Points between the NYCA and another Control Area to one or more Interconnection Points between the NYCA and another Control Area ("Wheels Through");*

(b) from the NYCA to one or more Interconnection Points between the NYCA and another Control Area, including transmission to deliver Energy purchased from the LBMP Market and delivered to such a Control Area Interconnection Point ("Exports");* or

* The TSC shall not apply to Wheels Through or Exports scheduled with the ISO to destinations within the New England Control Area provided that the conditions listed in Section 7B.1(iv) of this Tariff are satisfied.

ATTACHMENT I

Reserved for future use.

1.1 Loss Matrix

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

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 II and IV of this Tariff) 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 the Generators 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).

2.0 Computation of Residual Loss Payments

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.

3.0 Day-Ahead Schedules

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 schedules, Load forecasts, and submitted Incremental Energy Bids, Decremental Bids and Sink Price Cap Bids.

In the Day-Ahead schedule, the ISO shall use the SCUC to determine Generator schedules, Transmission Service schedules and DNIs with adjacent Control Areas. The ISO shall not use Decremental Bids submitted by Transmission Customers for Generators associated with Non-Firm Point-to-Point Transmission Service in the determination of the Day-Ahead schedule.

4.0 Reduction and Curtailment

If a Transmission Customer's Firm Point-to-Point Transmission Service is supporting an Internal Bilateral Transaction, or an Import, the ISO shall not reduce the Transmission Service.

If the Transaction was scheduled in the Day-Ahead Market, and the Day-Ahead Schedule for the Generator designated as the Supplier of Energy for that Bilateral Transaction called for that Generator to produce less Energy than was scheduled Day-Ahead to be consumed in association with that Transaction, the ISO shall supply the Load or Transmission Customer in

ATTACHMENT O

Sheet Nos. 626 through 630 are reserved for future use.

A. General Overview

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

1.1 Reliability Planning Process

Sections 4.0 through 9.0 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 and Good Utility Practice, which evaluation shall include all Load; (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.

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 4.0.

b. The NYISO, in conjunction with ESPWG, will develop criteria for the selection and grouping of the three congestion and resource integration studies that comprise each CARIS, as well as for setting the associated timelines for completion of the selected studies. Study selection criteria may include congestion estimates, and shall include a process to prioritize the three studies that comprise each CARIS. Criteria shall also include a process to set the cut off date for inputs into and completion of each CARIS study cycle.

c. The NYISO, in conjunction with ESPWG, will develop a process by which interested parties can request and fund other congestion and resource integration studies, in addition to those included in each CARIS. These individual congestion and resource integration studies are in addition to those studies that a customer can request related to firm point-to-point transmission service pursuant to Section 19 of the NYISO OATT, or studies related to interconnection requests under Attachment X or Attachment Z of the NYISO OATT.

d. The NYISO shall post all requests for congestion and resource integration studies on its website.

11.3 Preparation of the CARIS

a. The Study Period for the CARIS shall be the same ten-year Study Period covered by the CRP.

b. The CARIS will assume a reliable system throughout the Study Period, based upon the solutions identified in the most recently completed and approved CRP. The baseline system for the CARIS shall first incorporate sufficient viable market-based solutions to meet the identified Reliability Needs as well as any regulated backstop solutions triggered in prior or current CRPs. The NYISO, in conjunction with the ESPWG, will develop methodologies to scale back market-based solutions to the minimum needed to meet the identified Reliability Needs, if more have been proposed than are necessary to meet the identified Reliability Needs. Regulated backstop solutions that have been proposed but not triggered in the most recent CRP shall also be used if there are insufficient market-based solutions for the ten-year study period. Multiple market-based solutions, as well as regulated solutions to Reliability Needs, may be included in the scenario assessments described in Section 11.5.

13.3 Interconnection Cost Allocation

The cost allocation principles and methodologies in this Attachment Y do not apply to the interconnection costs of generation and merchant transmission projects. Interconnection costs are determined and allocated in accordance with Attachment S and Attachment X and Attachment Z of the NYISO OATT.

13.4 Individual Transmission Service Requests

The cost allocation principles and methodologies in this Attachment Y do not apply to the cost of transmission expansion projects undertaken in connection with an individual request for Transmission Service. The cost of such a project is determined and allocated in accordance with Section 19 of the NYISO OATT.

13.5 LTP Facilities

The cost allocation principles and methodologies in this Attachment Y do not apply to the cost of transmission projects included in LTPs or LTP updates. Each Transmission Owner will recover the cost of such transmission projects in accordance with its then existing rate recovery mechanisms.

13.6 Regulated Non-Transmission Solutions to Reliability Needs

Costs related to regulated non-transmission reliability projects will be recovered by Responsible Transmission Owners, Transmission Owners and Other Developers in accordance with the provisions of New York Public Service Law, New York Public Authorities Law, or other applicable state law. Nothing in this section shall affect the Commission's jurisdiction over the sale and transmission of electric energy subject to the jurisdiction of the Commission.

14.0 Regulated Responses to Reliability Needs

14.1 Cost Allocation Principles

Cost allocation for regulated transmission solutions to Reliability Needs shall be determined by the NYISO based upon the principle that beneficiaries should bear the cost responsibility. The specific cost allocation methodology, to be developed by the NYISO in consultation with the ESPWG, will incorporate the following elements:

2.109 Reserved for future use.

2.109a New York City

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

2.110 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.

2.111 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.

facilities to the sum of investments in transmission and generation facilities.

2.187 Transmission Owner

The public utility or authority (or its designated agent) that owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Tariff.

2.188 Transmission Owner's Monthly Transmission System Peak

The maximum hourly firm usage as measured in megawatts ("MW") of the Transmission Owner's transmission system in a calendar month.

2.189 Transmission Reliability Margin ("TRM")

The amount of TTC reserved by the ISO to ensure the interconnected transmission network is secure under a reasonable range of uncertainties in system conditions.

2.190 Transmission Service

Point-To-Point Retail Access Transmission Service provided under the ISO OATT.

2.191 Transmission Service Charge ("TSC")

A charge designed to ensure recovery of the embedded cost of a Transmission Owner's transmission system.

2.191a Transmission Shortage Cost

The maximum reduction in system costs resulting from an incremental relaxation of a particular Constraint that will be used in calculating LBMP. The Transmission Shortage Cost is set at $4000/MWh.

1.2 Annual Transmission Costs: The total annual cost of the Transmission System for purposes of ~~Network Integration and~~ Point-to-Point Transmission Services shall be the amount specified in Attachment H until amended by the Transmission Owners or modified by the Commission.

1.2a Annual Transmission Revenue Requirement: The total annual cost for each Transmission Owner (other than LIPA) to provide transmission service subject to review and acceptance by FERC or other authority.

1.3 Application: A request by an Eligible Customer for Transmission Service pursuant to the provisions of this Tariff.

1.3a Automatic Generation Control ("AGC"): The automatic regulation of the power output of electric generating facilities within a prescribed range in response to a change in system frequency, or tie-line loading, to maintain system frequency or scheduled interchange with other areas within predetermined limits.

1.3a.1 Reserved for future use

1.3a.2 Reserved for future use.

1.3a.3 Reserved for future use.

1.3b Availability: A measure of time that a generating facility, transmission line or other facility is or was capable of providing service, whether or not it actually is in-service.

1.3c Available Generating Capacity: Generating Capacity that is on line to serve Load and/or provide Ancillary Services, or is capable of initiating start-up for the purpose of serving Transmission Customers or providing Ancillary Services, within thirty (30) minutes.

1.15f ISO Related Agreements: Collectively, the ISO Agreement, the NYSRC Agreement, the ISO/NYSRC Agreement and the ISO/TO Agreement.

1.15g ISO Services Tariff: The ISO Market Administration and Control Area Services Tariff.

1.15h ISO Tariffs: The ISO OATT and the ISO Services Tariff, collectively.

1.15i LBMP Markets: A term that collectively refers to both the Real-Time Market and the Day-Ahead Market.

1.15i.1 Linden VFT Scheduled Line: A transmission facility that interconnects the NYCA to the PJM Interconnection, L.L.C. Control Area in Linden, New Jersey.

1.15j LIPA Tax-Exempt Bonds: Obligations issued by the Long Island Power Authority, the interest in which is not included in gross income under the Internal Revenue Code.

1.15k Load: A term that refers to either a consumer of Energy or the amount of Energy (MWh) or demand (MW) consumed by certain consumers.

1.16 Load Ratio Share: The ratio of an LSE's Load to Load within the NYCA during a specified time period.

1.16a Load Serving Entity ("LSE"): An entity, including a municipal electric system and an electric cooperative, authorized or required by law, regulatory authorization or requirement, agreement, or contractual obligation to supply Energy, Capacity and/or Ancillary Services to retail customers located within the NYCA, including an entity that takes service directly from the ISO to supply its own load in the NYCA.

1.17 Load Shedding: The systematic reduction of system demand by temporarily decreasing Load in response to Transmission System or area Capacity shortages, system instability, or voltage control considerations ~~under Part III of the Tariff~~.

1.17a Load Zone: One (1) of eleven (11) geographical areas located within the NYCA that is bounded by one (1) or more of the fourteen (14) New York State Interfaces.

1.19b NERC Transaction Priorities: The reservation and scheduling priority applied to a Transaction under the NERC Transmission Loading Relief Procedure.

1.19c NERC Transmission Loading Relief ("TLR") Procedure: "Standard IRO-006-3 – Reliability Coordination – Transmission Loading Relief" as approved in Docket No. ER06-1545, and any amendments thereto. See www.nerc.com for the current version of the NERC TLR Procedure.

1.19d Net Auction Revenue: The total amount, in dollars, as calculated pursuant to Section 3.1 of Attachment N, remaining after collection of all charges and allocation of all payments associated with a round of a Centralized TCC Auction or a Reconfiguration Auction. Net Auction Revenue takes into account: (i) revenues from and payments for the award of TCCs in a Centralized TCC Auction or Reconfiguration Auction, (ii) payments to Transmission Owners releasing ETCNL, (iii) payments or charges to Primary Holders selling TCCs, (iv) payments to Transmission Owners releasing Original Residual TCCs, (v) O/R-t-S Auction Revenue Surplus Payments and U/D Auction Revenue Surplus Payments, and (vi) O/R-t-S Auction Revenue Shortfall Charges and U/D Auction Revenue Shortfall Charges. Net Auction Revenue may be positive or negative.

1.19e Net Congestion Rent: The total amount, in dollars, as calculated pursuant to Section 2.1 of Attachment N, remaining after collection of all Congestion-related charges and allocation of all Congestion-related payments associated with the Day-Ahead Market. Net Congestion Rent takes into account: (i) charges and payments for Congestion Rents, (ii) settlements with TCC Primary Holders, (iii) O/R-t-S Congestion Rent Shortfall Charges and U/D Congestion Rent Shortfall Charges, and (iv) O/R-t-S Rent Congestion Surplus Payments and U/D Congestion Rent Surplus Payments. Net Congestion Rent may be positive or negative.

1.20 ~~Network Customer:~~ ~~An entity receiving Transmission Service pursuant to the terms of the ISO's Network Integration Transmission Service under Part III of the Tariff.~~Reserved for future use.

1.21 ~~Network Integration Transmission Service:~~ ~~The Transmission Service provided under Part III of the Tariff.~~Reserved for future use.

1.22 ~~Network Load:~~ ~~The Load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all Load served by the output of any Network Resources designated by the Network Customer. A Network Customer~~Reserved for future use.

~~may elect to designate less than its total Load as Network Load but may not designate only part of the Load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular Load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated Load.~~

1.23 ~~**Network Operating Agreement:** An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff. For Eligible Customers that take service under the ISO Services Tariff, that Tariff shall function as their Network Operating Agreement.~~Reserved for future use.

1.24 ~~**Network Operating Committee:** The ISO Operating Committee will serve this function.~~Reserved for future use.

1.25 ~~**Network Resource:** Any generating resource that provides Installed Capacity to the NYCA designated under the Network Integration Transmission Service provisions of the Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program.~~Reserved for future use.

1.26 **Network Upgrades:** Modifications or additions to transmission facilities that are integrated with and support the Transmission Owner's overall Transmission System for the general benefit of all users of such Transmission System.

1.26a ~~**Network Upgrade Agreement:** An agreement entered into between a Transmission Customer and a Transmission Owner that identifies the rights and obligations of each party with respect to the Network Upgrade, as described in this Tariff.~~Reserved for future use.

1.30 Part II: Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.31 ~~Part III:~~ ~~Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.~~Reserved for future use.

1.31a Part IV: Tariff Sections 36 through 37 pertaining to Retail Access Service.

1.32 Party or Parties: The ISO and the Transmission Customer receiving service under the Tariff.

1.32a Performance Tracking System: A system designed to provide quantitative comparisons of actual values versus expected and forecasted values for Generators and Loads (See Rate Schedule 3 of the ISO Services Tariff). This system will be used by the ISO to measure compliance with criteria associated with the provision of Regulation and Frequency Response Service.

1.33 Point(s) of Delivery: Point(s) on the NYS Transmission System where Capacity and Energy transmitted by the ISO will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Firm Point-To-Point Transmission Service. (Same as Point of Withdrawal.)

1.42e 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.

1.43 System Impact Study: An assessment by the ISO of (i) the adequacy of the NYS Transmission System to accommodate a request to build facilities in order to create incremental transfer capability, resulting in incremental TCCs, in connection with a request for ~~either~~ Firm Point-To-Point Transmission Service ~~or Network Integration Transmission Service~~; and (ii) the additional costs to be incurred in order to provide the incremental transfer capability.

1.43a Tangible Net Worth: The value, determined by the ISO, of all of a Customer's assets less both: (i) the amount of the Customer's liabilities and (ii) all of the Customer's intangible assets, including, but not limited to, patents, trademarks, franchises, intellectual property, and goodwill.

1.44 ~~Third Party Sale:~~ ~~Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.~~Reserved for future use.

1.44a Third Party Transmission Wheeling Agreements ("Third Party TWAs"): A Transmission Wheeling Agreement, as amended, between Transmission Owners or between a Transmission Owner and an entity that is not a Transmission Owner associated with the purchase (or sale) of Energy, Capacity, and/or Ancillary Services for the benefit of an entity that is not a Transmission Owner. These agreements are listed in Attachment L, Table 1A and 1B.

1.44b Total Transfer Capability ("TTC"): The amount of electric power that can be transferred over the interconnected transmission network in a reliable manner.

1.44b.1 Trading Hub: A virtual location in a given Load Zone, modeled as a Generator bus and/or Load bus, for scheduling Bilateral Transactions in which both the POI and POW are located within the NYCA.

1.44b.2 Trading Hub Energy Owner: A Customer who buys energy in a Bilateral Transaction in which the POW is a Trading Hub, or who sells energy in a Bilateral Transaction in which the POI is a Trading Hub.

1.44c Transaction: The purchase and/or sale of Energy or Capacity, or the sale of Ancillary Services.

1.44d Transfer Capability: The measure of the ability of interconnected electrical systems to reliably move or transfer power from one area to another over all transmission facilities (or paths) between those areas under specified system conditions.

1.44d.1 Transmission Congestion Contract Component ("TCC Component"): As defined in the ISO Services Tariff.

1.44e Transmission Congestion Contracts ("TCCs"): The right to collect or obligation to pay Congestion Rents in the Day-Ahead Market for Energy associated with a single MW of transmission between a specified POI and POW. TCCs are financial instruments that enable Energy buyers and sellers to hedge fluctuations in the price of transmission.

1.45 Transmission Customer: Any Eligible Customer (or its designated agent) that (i) executes a Service Agreement, or (ii) requests in writing that the ISO file with the Commission a proposed unexecuted Service Agreement to receive Transmission Service under Part II~~, III~~ and/or IV of the Tariff.

Transmission Owners and others, that are found to meet all applicable criteria.

1.47b Transmission Reliability Margin ("TRM"): The amount of TTC reserved by the ISO to ensure the interconnected transmission network is secure under a reasonable range of uncertainties in system conditions.

1.48 Transmission Service: Point-To-Point~~, Network Integration~~ or Retail Access Transmission Service provided under Parts II~~, III~~ and IV of the Tariff.

1.48a Transmission Service Charge ("TSC"): A charge designed to ensure recovery of the embedded cost of a Transmission Owner's transmission system.

1.48b Transmission Shortage Cost: The maximum reduction in system costs resulting from an incremental relaxation of a particular Constraint that will be used in calculating LBMP. The Transmission Shortage Cost is set at $4000/MWh.

1.49 Transmission System: The facilities operated by the ISO that are used to provide Transmission Services under Part II~~, Part III~~ or Part IV of this Tariff.

1.49a Transmission Usage Charge ("TUC"): Payments made by the Transmission Customer to cover the cost of Marginal Losses and, during periods of time when the transmission system is Constrained, the marginal cost of Congestion. The TUC is equal to the product of: (1) the LBMP at the POW minus the LBMP at the POI (in $/MWh); and (2) the scheduled or delivered Energy (in MWh).

1.49b Transmission Wheeling Agreement ("TWA"): The agreements listed in Tables 1A and 1B of Attachment L to the ISO OATT governing the use of specific or designated transmission facilities that are owned, controlled or operated by an entity for the transmission of Energy in interstate commerce.

1.49b.1 UCAP Component: As defined in the ISO Services Tariff.

1.49b.2 Unrated Customer: As defined in the ISO Services Tariff.

1.49b.3 Unsecured Credit: As defined in the ISO Services Tariff.

Grandfathered Agreements are described in Attachment K.

7B.1 Transmission Service Charge - General Applicability

The TSC charge is applied to all Actual Energy Withdrawals from the NYS Power System under Part II ~~or Part III~~ of this Tariff, except for withdrawals by a Transmission Owner to provide bundled retail service or scheduled withdrawals associated with grandfathered transactions as specified in Attachments K and L. The TSC charge also is applied to Transactions to destinations outside the NYCA (Export or Wheel-Through Transactions), except as provided for in Section 7B.1(iv) of this Tariff.

Subject to the foregoing, the TSC applies to all Actual Energy Withdrawals regardless of whether the withdrawals occur in conjunction with a Bilateral Transaction or through the purchase of Energy from an LBMP Market. The TSC is payable under this Section regardless of whether the withdrawal is scheduled under Part II ~~or Part III~~ of this Tariff. Customers buying Energy from a Transmission Owner as part of a bundled retail rate will pay a portion of the Transmission Owner's transmission revenue requirement as part of their retail rates. Sales to these customers will be included in the billing units used to calculate each Transmission Owner's TSC under this Tariff in accordance with Attachment H.

Transmission Customers who are parties to grandfathered agreements specified in Attachment L will pay the applicable contract rate in those agreements. Revenues from these agreements will be credited against the Transmission Owners' individual revenue requirements in calculating the TSC.

(i) **Payable to Transmission Owners:** The TSC will be payable to Transmission Owners, in the manner described below in the remainder of Section 7B.1.

(ii) **Payable by Retail Access Customers:** Retail access customers or LSEs scheduling on their behalf will pay a TSC to their respective Transmission Owners under the provisions described in Part IV of this Tariff. The TSC is payable under Part IV (Retail Access Service) regardless of whether the LSE takes service under Part II (Point-to-Point Service) ~~or Part III (Network Integration Service)~~ of this Tariff.

(iii) **Payable by LSEs Serving Non-Retail Access Load in NYCA:** LSEs serving NYCA Load that is not part of a retail access program, such as customers of municipal electric systems, will pay a TSC to the Transmission Owner in whose Transmission District the Load is located. The TSC shall apply to Actual Energy Withdrawals by the Load,

regardless of whether such withdrawals are associated with Transmission Service under Part II ~~or Part III~~ of this Tariff or purchases from an LBMP Market, whether the withdrawals are scheduled or unscheduled, and regardless of whether the withdrawals were made on the Load's behalf by the LSE or by another Transmission Customer.

(iv) **Payable by Eligible Customers Scheduling Export or Wheel-Through Transactions:** Eligible Customers scheduling Transactions to destinations outside the NYCA (Export or Wheel-Through Transactions) are subject to a TSC as calculated in Attachment H. The TSC charge shall be eliminated on all Exports and Wheel-Through Transactions scheduled with the ISO to destinations within the New England Control Area; provided that the following conditions shall continue to be met: (1) a Commission approved tariff provision is in effect that provides for unconditional reciprocal elimination of charges on Exports and Wheel-Through Transactions from the New England Control Area to the New York Control Area; (2) no change in the provisions in this Tariff related to Local Furnishing Bonds and Other Tax Exempt Financing shall be

(ii) **Payable by Eligible Customers Scheduling Transmission Service:** All Transmission Customers scheduling Transmission Service under Part II ~~or Part III~~ of this Tariff shall pay the applicable TUC charge as calculated in the Attachment J hereto. Eligible Customers scheduling non-firm transactions under Part II will be subject to the Losses Component of the TUC only except as noted in Section 14.7 of this Tariff.

(iii) **Payable by Transmission Owners Scheduling Bilateral Transactions on Behalf of Bundled Retail Customers:** Transmission Owners scheduling Transmission Service to supply bundled retail customers shall pay the applicable TUC charge.

(iv) **Payable by Eligible Customers or Transmission Owners Scheduling Direct LBMP Purchases from the LBMP Market:** Any Transmission Customer, or Transmission Owner purchasing from the LBMP Market to supply bundled retail customers, will pay the Congestion Rent and Marginal Losses charge applicable to its location. These Congestion Rent and Marginal Losses charges will be included in the calculation of the LBMP charged by the ISO for the purchase of Energy from the LBMP Market.

7B.3 Ancillary Services

(i) **Payable to the ISO:** All Ancillary Services charges are payable directly to the ISO.

(ii) **Payable by LSEs:** All LSEs scheduling Transmission Service under Part II ~~or Part III~~ of this Tariff or purchas~~es~~ing Energy from the LMBP Market to supply Load in the NYCA shall pay Ancillary Services charges as described in Schedules 1 through 6 of this Tariff. The charges will be assessed on the basis of all Actual Energy Withdrawals by the Load, regardless of whether such withdrawals are scheduled or unscheduled, and regardless of whether they are scheduled on the Load's behalf by the LSE or by another Transmission Customer. As explained in Schedule 1, in certain circumstances the Schedule 1 charge may vary depending upon the Transmission District in which the Load is located.

(iii) **Payable by Customers Scheduling External Transactions:** Eligible Customers scheduling Export or Wheel-Through Transactions to destinations outside the NYCA, or purchases from the LBMP Market to serve Load outside the NYCA shall pay Ancillary Services charges under Schedules 1, 2, 4, and 5 of this Tariff. The charges will be assessed on the basis of all Scheduled Energy Withdrawals from the NYCA.

Third-Party Sales under this Tariff; and include in a separate operating revenue account or subaccount the revenues received by the Transmission Owner for a System Impact Study or Facilities Study performed when such amounts are separately stated and identified in the Transmission Customer's billing under this Tariff.

9.0 Regulatory Filings

Subject to Section 9A, nothing contained in the Tariff, or any Service Agreement~~, or any Network Operating Agreement~~ shall be construed as affecting in any way the right of the ISO, or any Transmission Owner, with respect to a change in its revenue requirement, to unilaterally make an application to the Commission, pursuant to Section 205 of the FPA, for a change in rates, terms and conditions, charges, classification of service~~,~~ or a Service Agreement ~~or a Network Operating Agreement~~.

Subject to Section 9A, nothing contained in this Tariff or any Service Agreement shall be construed as affecting in any way the ability of any party receiving service under this Tariff to exercise its rights under the FPA and pursuant to the Commission's rules and regulations promulgated thereunder.

II. POINT-TO-POINT TRANSMISSION SERVICE

Preamble

The ISO will provide Firm and Non-Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff over the transmission facilities of the parties to the ISO/TO Agreement. Point-To-Point Transmission Service is for the receipt of Capacity and Energy at designated Point(s) of Receipt and the transfer of such Capacity and Energy to designated Point(s) of Delivery. Firm Point-To-Point Transmission Service is service for which the Transmission Customer has agreed to pay the Congestion Rent associated with its service. Non-Firm Point-To-Point Transmission Service is service for which the Transmission Customer has not agreed to pay Congestion Rent. A Transmission Customer may fix the price of Day-Ahead Congestion Rent associated with its Firm Point-To-Point Transmission Service by acquiring sufficient TCCs with the same Points of Receipt and Delivery as its Transmission Service. Notwithstanding any provision in this Part to the contrary, External Transactions scheduled at the Proxy Generator Buses associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, or the Linden VFT Scheduled Line shall be subject to the requirements of Attachment N to the ISO Services Tariff.

13.0 Nature of Firm Point-To-Point Transmission Service

13.1 Term: The minimum term of Firm Point-To-Point Transmission Service shall be one hour and the maximum term shall be specified in the Service Agreement.

13.2 Reservation Priority: All requests for Firm Point-to-Point Transmission Service will be deemed to have the same reservation priority. ~~Firm Point-to-Point~~

~~Transmission Service will have the same priority as Network Service subject to Section 13.6.~~ All Firm Point-to-Point Transmission Service will have priority over Non-Firm Point-to-Point Transmission Service under the Tariff.

13.3 Use of Firm Transmission Service by the Transmission Owner(s): The Transmission Owner will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after the effective date of ISO, or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Owners will maintain separate accounting, pursuant to Section 8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

13.4 Service Agreements: The ISO shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Firm Point-To-Point Transmission Service. Executed Service Agreements that contain the information required under this Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

transactions require Curtailment, to the extent practicable and consistent with right to Curtail, in whole or in part, any Firm Transmission Service provided under this Tariff when, in the ISO's sole discretion, an Emergency or other unforeseen condition impairs or degrades the reliability of the NYS Power System. The ISO will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments. If the ISO declares a Major Emergency State, Transmission Customers shall comply with all directions issued by the ISO concerning the avoidance, management, and alleviation of the Major Emergency and shall comply with all procedures concerning a Major Emergency set forth in the ISO Procedures and the Reliability Rules. If the ISO is required to Curtail Transmission Service as a result of a Transmission Loading Relief ("TLR") event, the ISO will perform such Curtailment in accordance with the NERC TLR Procedure.

The ISO will implement Load Shedding and Curtailment procedures when the ISO determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The ISO will notify all affected Transmission Owners in a timely manner of any scheduled Load Shedding.

13.7 Classification of Firm Transmission Service:

(i) The Transmission Customer taking Firm Point-To-Point Transmission Service, other than Transmission Customers taking Firm Point-to-Point Transmission Service associated with a Pre-Scheduled Transaction, may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 22.1 or (2) request a modification of the Points of Receipt or Delivery on a firm basis

available when there is no Congestion between the Point(s) of Receipt and the Point(s) of Delivery for the Transaction. In all instances, Non-Firm Point-to-Point Transmission Service shall have a lower priority than Firm Point-to-Point Transmission Service ~~and Network Service. Non-Firm Point-to-Point Transmission Service shall have an equal priority with Network Service from a secondary resource~~. A customer requesting non-firm Transmission Service that cannot be accommodated in the Day-Ahead Schedule because of Congestion may upgrade to Firm Point-to-Point Transmission Service up to ninety (90) minutes prior to a given hour by rescheduling the Transaction and agreeing to pay the real-time Congestion Rents associated with the Transaction.

14.3 Use of Non-Firm Point-To-Point Transmission Service by the Transmission Owner: The Transmission Owners will be subject to the rates, terms and conditions of Part II of this Tariff when making Third-Party Sales under (i) agreements executed on or after the date this Tariff is effective or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Owners will maintain separate accounting, pursuant to Section 8, for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.

14.7 Curtailment or Interruption of Service: The ISO reserves the right to Curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when, an Emergency or other unforeseen condition threatens to impair or degrade the reliability of the NYS Transmission System. The ISO reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under this Tariff for economic reasons if the NYS Transmission System experiences Congestion. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the Constraint, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Point-to-Point Transmission Service ~~and Network Integration Transmission Service~~. The ISO will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice. The process of Curtailment of Non-Firm Point-To-Point Transmission Service for Imports, Exports, and Wheels Through may cause these non-firm transactions to incur incidental real-time Congestion Rents due to inter-Control Area Curtailment procedures.

15.0 Service Availability

15.1 General Conditions: The ISO will provide Firm and Non-Firm Point-To-Point

All Eligible Customers involved in a cluster study will be required to execute the System Impact Study Agreement and/or Facilities Study Agreement which provides that the System Impact Study or Facilities Study will be performed as a cluster study. The study will be performed in accordance with the procedures set forth in section 19.3~~,~~ and 19.4~~, 32.3 and 32.4~~ with the exception that the timeline for performing the System Impact Study or Facilities Study will begin to run after all Eligible Customers who have notified the ISO or Transmission Owner of their intent to participate in a cluster study have executed a System Impact Study Agreement or Facilities Study Agreement, or on a later date authorized under those provisions.

Once Eligible Customers agree to have the ISO or a Transmission Owner cluster their System Impact Studies or Facilities Studies, the Eligible Customers may not opt out of the cluster unless the ISO or affected Transmission Owner(s), respectively, agree(s), in its or their sole discretion, to allow it.

Eligible Customers that have agreed to cluster their System Impact Study or Facilities Study shall be responsible for reimbursing the ISO or affected Transmission Owner for performing the clustered System Impact Study or Facilities Study in equal shares, unless the Eligible Customers in the cluster independently agree to an alternate

with the Transmission Owner with whose system the Eligible Customer proposes to interconnect. After completion of the Interconnection Facilities Study and Attachment S cost allocation process, the Developer of a Large Generating Facility may elect, in accordance with the Large Facility Interconnection Procedures in Attachment X, to continue with its proposed interconnection by entering into a Standard Large Generator Interconnection Agreement with the ISO and the Transmission Owner with whose system the Developer proposes to interconnect.

19B.4 Interconnection Facilities Cost: The Developer of the proposed Large Facility shall be responsible for the cost of the facilities needed for its project to reliably interconnect to the New York State Power System, in accordance with the interconnection facilities cost allocation rules set out in Attachment S.

19C Prioritizing Transmission and Interconnection Studies

For the purposes of determining the priority for: (i) Interconnection proposals submitted by an Eligible Customer, in writing, and currently pending with one or more Transmission Owner(s) prior to the effective date of this Tariff; (ii) transmission studies requested pursuant to the provisions of a Transmission Owner's Open Access Tariff prior to the date of ISO OATT Tariff implementation or transmission studies requested pursuant to Sections 19.4~~,~~ and 19.8 ~~and 32.4~~ of this Tariff; (iii) transmission studies requested by Eligible Customers pursuant to Sections 19A.2 ~~and 32A.2~~ of this Tariff; (iv) proposals submitted pursuant to Section 18.02 of the ISO

Agreement; and (v) interconnection proposals submitted pursuant to 19B ~~and 32B~~ of this Tariff; the ISO shall give priority to each transmission study or Interconnection proposal on the basis of its date of submittal to the ISO or Transmission Owner. Before the effective date of this Tariff, the date of submittal of each transmission study or Interconnection proposal shall be determined by the application procedures of each Transmission Owner. New transmission studies or Interconnection proposals submitted after the effective date of this Tariff shall be subject to the same prioritization procedures, unless such procedures are modified by the ISO. In the event of different submission dates before one or more Transmission Owners or the ISO, the earliest

submittal date shall be used for prioritization. After an effective date to be determined by the Commission, Large Facility Interconnection Requests shall be subject to the prioritization process included in the Large Facility Interconnection Procedures in Attachment X. The ISO may determine the priority of transmission studies under Section 18.03 of the ISO Agreement and studies requested by the PSC under Section 19A.1 of this Tariff according to procedures to be developed by the ISO.

19D Small Generator Interconnections

The interconnection procedures, and standard interconnection agreement, to be used for the interconnection of generating facilities no larger than 20MWs, are set forth in Attachment Z to this ISO OATT.

19E The Comprehensive Reliability Planning Process

The ISO shall conduct the Comprehensive Reliability Planning Process in accordance with Attachment Y to this Tariff and ISO Procedures and shall include all statewide load on a comparable basis in that process.. To the extent practicable, the ISO shall coordinate the performance of the studies required under Attachment Y with any transmission and interconnection studies that may be requested under sections 19.0, 19A~~,~~ and 19B~~, 32.0, 32A, and 32B~~ of this Tariff.

20.0 Procedures if The Transmission Owner is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service

20.1 Delays in Construction of New Facilities: If any event occurs that will materially affect the time for completion of new facilities, or the ability to

Upon filing of a proposal to recover stranded costs under the FPA, the Transmission Owner shall immediately provide the ISO with a copy of the appropriate rate schedule which will be incorporated as a new SIRC rate schedule under this Tariff, subject to refund as may be required by the Commission. ~~The ISO shall collect such SIRC from Network Service Customers and remit the collected amounts to the applicable Transmission Owner(s).~~ Any SIRC rate schedule developed by LIPA under this Tariff will be effective upon receipt by the ISO, subject to any applicable laws and orders.

27.0 Compensation for New Facilities and Redispatch Costs

Whenever a System Impact Study performed by the ISO in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities, the Transmission Customer shall be responsible for such costs to the extent consistent with Commission policy.

~~III. NETWORK INTEGRATION TRANSMISSION SERVICE~~

~~Preamble~~

~~The ISO will provide Network Integration Transmission Service pursuant to the applicable terms and conditions contained in this Tariff and Service Agreement over the transmission facilities of the parties to the ISO/TO Agreement. Network Integration Transmission Service will be provided when the Network Customer agrees to pay the Congestion Rent associated with its requested service. The Network Customer may fix the price of its Network Integration Transmission Service by purchasing TCCs corresponding with designated Network Resources and its Network Load. Network Integration Transmission Service allows the Network Customer to integrate, economically dispatch and regulate its current and planned Network Resources to serve its Network Load in a manner comparable to that in which the individual Transmission Owner utilizes their respective transmission systems to serve their Native Load Customers. Network Integration Transmission Service also may be used by the Network Customer to deliver economy Energy purchases to its Network Load from non-designated resources on an as-available basis (i.e. when there is no Congestion) without additional charge. Transmission Service for sales to non-designated Loads will be provided pursuant to the applicable terms and conditions of Part II of this Tariff.~~

Reserved for future use.

~~**28.0 Nature of Network Integration Transmission Service**~~

~~**28.1Scope of Service:** Network Integration Transmission Service is a Transmission Service that allows Network Customers to efficiently and economically utilize Network Resources (as well as other non-designated generation resources) to serve their Network Load located in the NYCA and any additional Load that may be designated pursuant to Section 31.3 of this Tariff. The Network Customer taking Network Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section 3.0.~~

~~28.2**Transmission Owner Responsibilities:** Each Transmission Owner will plan, construct, operate and maintain their respective transmission systems in accordance with Good Utility Practice and its planning obligations in Attachment Y, in order to provide the Network Customer with Network Integration Transmission Service over the NYS Transmission System. The Transmission Owner, on behalf of its Native Load Customers, shall be required to designate resources and Loads in the same manner as any Network Customer under Part III of this Tariff. This information must be consistent with the information used by the ISO to calculate ATC. The Transmission Owners and the ISO shall include the Network Customer's Network Load in transmission system planning and shall, consistent with Good Utility Practice and Attachment Y, endeavor to~~

Reserved for future use.

~~Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket No. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).~~

~~construct and place into service sufficient transmission capacity to deliver the Network Customer's Network Resources to serve its Network Load on a basis comparable to the Transmission Owner's delivery of its own generating and purchased resources to its Native Load Customers.~~

~~**28.3 Network Integration Transmission Service:** The ISO will provide Firm Transmission Service over the NYS Transmission System to the Network Customer for the delivery of Energy from its designated Network Resources to serve its Network Loads on a basis that is comparable to the Transmission Owner's use of the NYS Transmission System to reliably serve its Native Load Customers.~~

~~**28.4 Secondary Service:** The Network Customer may use the NYS Transmission System to deliver Energy to its Network Loads from resources that have not been designated as Network Resources. Such Energy shall be transmitted, on an as-available basis (i.e., when there is no Congestion between the non-Network Resource and the Network Load), at no additional charge. Secondary service shall not require the filing of an Application for Network Integration Transmission Service under the Tariff.~~

~~**28.5 Real Power Losses:** Real Power Losses are associated with all Transmission Service. The Network Customer is responsible for losses associated with all~~

Reserved for future use.

~~Transmission Service in accordance with Schedule 9 and as calculated in Attachment J.~~

~~**28.6Restrictions on Use of Service:** The Network Customer shall not use Network Integration Transmission Service for (i) sales of Capacity and Energy to non-designated Loads or (ii) direct or indirect provisions of this Transmission Service by the Network Customer to third parties. All Network Customers taking Network Integration Transmission Service shall use Point-To-Point Transmission Service under Part II of this Tariff for any Third-Party Sale which requires use of the NYS Transmission System. The ISO shall specify any appropriate charges and penalties and all related terms and conditions applicable in the event that a Network Customer uses Network Integration Transmission Service or secondary service pursuant to Section 28.4 to facilitate a wholesale sale that does not serve a Network Load.~~

~~**29.0 Initiating Service**~~

~~**29.1 Condition Precedent for Receiving Service:** Subject to the terms and conditions of Part III of this Tariff, the ISO will provide Network Integration Transmission Service to any Eligible Customer, provided that (i) the Eligible Customer completes an Application for service as provided under Part III of this Tariff; (ii) the Eligible Customer, ISO and the Transmission Owner(s) complete the technical arrangements set forth in Sections 29.3 and 29.4; (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment D for service under Part III~~

Reserved for future use.

~~of this Tariff or requests in writing that the ISO file a proposed unexecuted Service Agreement with the Commission; (iv) the Eligible Customer executes a Network Operating Agreement with the ISO pursuant to Attachment G; and (v) if the Network Service involves the use of LIPA's, transmission facilities, approval of such transaction has occurred pursuant to Section 5.2D.~~

~~**29.2 Application Procedures:** An Eligible Customer requesting service under Part III of this Tariff must submit an Application to the ISO as far as possible in advance of the month in which service is to commence. Applications should be submitted by entering the information listed below on the ISO's OASIS. Prior to implementation of the ISO's OASIS, a Completed Application for Network Integration Transmission Service will be dated and time-stamped. Applications should be submitted by entering the information listed below on the ISO's OASIS. Prior to implementation of the ISO's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the ISO by telefax, or (ii) providing the information by telephone over the ISO's time recorded telephone line.~~

~~A Completed Application shall provide all of the information included in 18 C.F.R. § 2.20 including, but not limited to, the following:~~

Reserved for future use.

~~(i) The identity, address, telephone number and facsimile number of the party requesting service;~~

~~(ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under this Tariff;~~

~~(iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total Loads to be served at each transmission voltage level, and the Loads to be served from each Transmission Owner substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter Load and resource requirements beginning with the first year after the service is scheduled to commence;~~

~~(iv) The amount and location of any interruptible Loads included in the Network Load. This shall include the summer and winter Capacity requirements for each interruptible Load (had such load not been interruptible), that portion of the Load subject to Interruption, the conditions under which an Interruption can be implemented and any limitations on the amount and frequency of Interruptions. An Eligible Customer should identify the amount of interruptible customer Load (if any) included in the 10-year Load forecast provided in response to (iii) above;~~

~~(v) A description of Network Resources (current and 10-year projection.)For each on-system Network Resource, such description shall include:~~

- ~~Unit size and amount of Capacity from unit to be designated as Network Resource~~
- ~~VAR capability (both leading and lagging) of all Generators~~
- ~~Operating restrictions~~
  - ~~Any periods of restricted operations throughout the year~~
  - ~~Maintenance schedules~~
  - ~~Minimum loading level of unit~~
  - ~~Normal operating level of unit~~
- ~~Minimum Generation and Start-Up Bid and variable Energy Bid information for redispatch computations~~
- ~~Arrangements governing sale and delivery of power to third parties from generating facilities located in the New York Control Area, where only a portion of unit output is designated as a Network~~

Reserved for future use.

~~Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket No. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).~~

~~Resource~~

- ~~For each off-system Network Resource, such description shall include:~~
  - ~~Identification of the Network Resource as an off-system resource~~
  - ~~Amount of power to which the customer has rights~~
  - ~~Identification of the control area from which the power will originate~~
  - ~~Delivery point(s) to the New York State Transmission System~~
  - ~~Transmission arrangements on the external transmission system(s)~~
  - ~~Operating restrictions, if any~~
  - ~~Any periods of restricted operations throughout the year~~
  - ~~Maintenance schedules~~
  - ~~Minimum loading level of unit~~
  - ~~Normal operating level of unit~~
  - ~~Any must-run unit designations required for system reliability or contract reasons~~
  - ~~Approximate variable generating cost ($/MWH) for redispatch computations;~~

Reserved for future use.

~~Filed to comply with Order No. 890-A of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-001, -002 and RM05-25-001, -002, issued December 28, 2007, 121 FERC ¶ 61,297 (2007).~~

~~(vi)Description of Eligible Customer's transmission system:~~

- ~~Load flow and stability data, such as real and reactive parts of the Load, lines, transformers, reactive devices and Load type, including normal and emergency ratings of all transmission equipment in a Load flow format compatible with that used by the ISO and the Transmission Owners~~
- ~~Operating restrictions needed for reliability~~
- ~~Operating guides employed by system operators~~
- ~~Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources~~
- ~~Location of Network Resources described in subsection (v) above~~
- ~~Transmission system maps that include any proposed expansions or upgrades 10 year projection of system expansions or upgrades~~
- ~~Thermal ratings of Eligible Customer's Control Area ties with other Control Areas; and~~

~~(vii) Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one hour.~~

~~(viii) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to Section 29.2(v) do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program; and~~

~~(ix) Any additional information required of the Transmission Customer as specified in the ISO's planning process established in Attachment Y.~~

~~Unless the parties agree to a different time frame, the ISO must acknowledge the request within ten (10) days of receipt. The acknowledgment must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this Section, the~~

Reserved for future use.

~~Filed to comply with Order No. 890-B of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-003 and RM05-25-003, issued June 23, 2008, 123 FERC ¶ 61,299 (2008).~~

~~ISO shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the ISO will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the ISO shall return the Application, without prejudice, to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this Section. The Eligible Customer will be assigned a new time-stamp consistent with the date of the new or revised Application. The ISO shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations and the Code of Conduct in Attachment F.~~

~~29.3 Technical Arrangements to be Completed Prior to Commencement of Service:~~ ~~Network Integration Transmission Service shall not commence until the ISO, Transmission Owners and the Network Customer, or a third party, have completed installation of all equipment specified under the Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the NYS Transmission System. The ISO shall exercise reasonable efforts, in coordination~~

Reserved for future use.

~~Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. RM99-12-000, issued March 31, 2000, 90 FERC ¶ 61,352 (2000).~~

~~with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.~~

~~**29.4 Network Customer Facilities:** The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and Energy from the NYS Transmission System to the Network Customer. The Network Customer shall be solely responsible for constructing or installing all facilities on the Network Customer's side of each such delivery point or Interconnection. To the extent that a Network Customer is serving retail customers in a Transmission Owner's retail access program, the Network Customer shall procure retail distribution services in accordance with Part IV or this Tariff and the Transmission Owner's retail access tariff as filed with the PSC, or in the case of LIPA, as established under state law.~~

~~**29.5 Filing of Service Agreement:** The ISO will file Service Agreements with the Commission in compliance with applicable Commission regulations.~~

~~**30.0 Network Resources**~~

~~**30.1 Designation of Network Resources:** Network Resources shall include all~~

Reserved for future use.

~~resources designated as Installed Capacity suppliers in the NYCA. Network Resources may not include resources, or any portion thereof, that are committed for sale to non-designated third party Load outside of the NYCA or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program. Any owned or purchased resources that were serving the Network Customer's Loads under firm agreements entered into on or before the Service Commencement Date shall also be designated as Network Resources until the Network Customer terminates the designation of such resources.~~

~~**30.2 Designation of New Network Resources:** The Network Customer may designate a new Network Resource by providing the ISO with as much advance notice as practicable. A designation of a new Network Resource must be made by a request for modification of service pursuant to an Application under Section 29. This request must include a statement that the new Network Resource, or any portion thereof, is not committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program. The Network Customer's request will be deemed deficient if it does not include this statement and the ISO will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.~~

Reserved for future use.

~~**30.3 Termination of Network Resources:** The Network Customer may terminate the designation of all or part of a generating resource as a Network Resource by providing notification to the ISO as soon as reasonably practicable, but no later than the firm scheduling deadline for the period of termination. Any request for termination of Network Resource status should indicate whether the request is for indefinite or temporary termination. A request for indefinite termination of Network Resource status must indicate the date and time that the termination is to be effective, and the identification and capacity of the resource(s) or portions thereof to be indefinitely terminated. A request for temporary termination of Network Resource status must include the following:~~

~~(i)Effective date and time of temporary termination;~~

~~(ii)Effective date and time of redesignation, following period of temporary termination;~~

~~(iii)Identification and capacity of resource(s) or portions thereof to be temporarily terminated;~~

~~(iv)Resource description and attestation for redesignating the network resource following the temporary termination, in accordance with Section 30.2; and~~

Reserved for future use.

~~Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).~~

~~(v)Identification of any related Transmission Service requests to be evaluated concomitantly with the request for temporary termination, such that the requests for undesignation and the request for these related Transmission Service requests must be approved or denied as a single request. The evaluation of these related Transmission Service requests must take into account the termination of the network resources identified in (iii) above, as well as all competing Transmission Service requests of higher priority.~~

~~As part of a temporary termination, a Network Customer may only redesignate the same resource that was originally designated, or a portion thereof. Requests to redesignate a different resource and/or a resource with increased capacity will be deemed deficient and the ISO will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.~~

~~30.4Operation of Network Resources:~~ ~~The Network Customer shall not operate its designated Network Resources located in the Network Customer's Control Area~~

Reserved for future use.

~~or NYCA such that the output of those facilities exceeds its designated Network Load, plus Non-Firm Sales delivered pursuant to Part II of the Tariff, plus net sales of Energy through the LBMP Market established under the ISO Services Tariff, plus losses, plus power sales under a reserve sharing program, plus sales that permit curtailment without penalty to serve its designated Network Load. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of the ISO to respond to an Emergency or other unforeseen condition which may impair or degrade the reliability of the NYS Transmission System. For all Network Resources not physically connected with the New York State Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource's capacity, as specified in the Network Customer's Application pursuant to Section 29, unless the Network Customer supports such delivery within the New York State Transmission System by either obtaining Point-to-Point Transmission Service or utilizing secondary service pursuant to Section 28.4.~~

~~**30.5 Network Customer Redispatch Obligation:** As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to allow the ISO to redispatch its Network Resources. The redispatch of resources pursuant to this Section shall be on a least cost, non-discriminatory basis.~~

Reserved for future use.

~~RM05-25-003, issued June 23, 2008, 123 FERC ¶ 61,299 (2008).~~

~~**30.6 Transmission Arrangements for Network Resources Not Physically Interconnected With The NYS Transmission System:** The Network Customer shall be responsible for any arrangements necessary to deliver Capacity and Energy from a Network Resource not physically interconnected with the NYS Transmission System. The ISO will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation,~~

Reserved for future use.

~~Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).~~

providing any information or data required by such other entity pursuant to Good Utility Practice.

30.7Limitation on Designation of Network Resources: Network Resources must be directly interconnected with the NYCA or demonstrate that Firm Transmission Service has been obtained from the Network Resource to the NYCA boundary.

30.8Use of Interface Capacity by the Network Customer: There is no limitation upon a Network Customer's use of the NYS Transmission System at any particular Interface with another transmission system to integrate Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of the total Interface capacity of the NYS Transmission System with other transmission systems may not exceed the Network Customer's Load.

30.9 Network Customer Owned Transmission Facilities: The Network Customer that owns existing transmission facilities that are integrated with the NYS Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Network Customer must demonstrate that its transmission facilities are integrated

Reserved for future use.

~~into the plans or operations of the ISO to serve its power and transmission customers. For facilities added by the Network Customer subsequent to the effective date of a Final Rule in RM05-25-000, the Network Customer shall receive credit for such transmission facilities added if such facilities are integrated into the operations of the Transmission Owner's facilities; provided however, the Network Customer's transmission facilities shall be presumed to be integrated if such transmission facilities, if owned by the Transmission Owner, would be eligible for inclusion in the Transmission Owner's annual transmission revenue requirement as specified in Attachment H. Calculation of any credit under this subsection shall be addressed in either the Network Customer's Service Agreement or any other agreement between the parties.~~

~~**31.0 Designation of Network Load**~~

~~**31.1 Network Load:** The Network Customer must designate the individual Network Loads on whose behalf the ISO will provide Network Integration Transmission Service. The Network Loads shall be specified in the Service Agreement.~~

~~**31.2New Network Loads Connected With the Transmission Owners:** The Network Customer shall provide the ISO and the Transmission Owners with as~~

Reserved for future use.

~~Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket No. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).~~

~~much advance notice as reasonably practicable of the designation of new Network Load that will be added to the NYS Transmission System. A designation of new Network Load must be made through a modification of service pursuant to a new Application. The ISO and the Transmission Owners will use due diligence to install any transmission facilities required to interconnect a new Network Load~~

Reserved for future use.

~~Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).~~

~~designated by the Network Customer. The costs of new facilities required to interconnect a new Network Load shall be determined in accordance with the procedures provided in Section 32 and shall be charged to the Network Customer in accordance with Commission policies.~~

~~**31.3 Network Load Not Physically Interconnected with the NYS Transmission System:** This Section applies to both initial designation pursuant to Section 31 and the subsequent addition of new Network Load not physically interconnected with the NYS Transmission System. To the extent that the Network Customer desires to obtain Transmission Service for a load outside the NYS Transmission System, the Network Customer shall exclude that entire Load from its Network Load and purchase Point-To-Point Transmission Service under Part II of this Tariff. To the extent that the Network Customer gives notice of its intent to add a new Network Load as part of its Network Load pursuant to this Section the request must be made through a modification of service pursuant to a new Application.~~

~~**31.4 New Interconnection Points:** To the extent the Network Customer desires to add a new Delivery Point or Interconnection point between the NYS Transmission~~

Reserved for future use.

~~Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. RM99-12-000, issued March 31, 2000, 90 FERC ¶ 61,352 (2000).~~

~~System and a Network Load, the Network Customer shall provide the ISO with as much advance notice as reasonably practicable.~~

~~**31.5 Changes in Service Requests:** Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Network Integration Transmission Service (e.g., the addition of a new Network Resource or designation of a new Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by a Transmission Owner and charged to the Network Customer as reflected in the Service Agreement. However, the ISO must treat any requested change in Network Integration Transmission Service in a non-discriminatory manner.~~

~~**31.6 Annual Load and Resource Information Updates:** The Network Customer shall provide the ISO with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under Part III of this Tariff including, but not limited to, any information provided under section 29.2(ix) pursuant to the ISO's planning process under Attachment Y. The Network Customer also shall provide the ISO with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system~~

Reserved for future use.

~~Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket No. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).~~

~~or other aspects of its facilities or operations affecting the ISO's ability to provide reliable service.~~

~~32.0 Additional Study Procedures For Network Integration Transmission Service Requests~~

~~The FERC Order No. 888 provisions for initiating a Transmission System expansion are contained in this Section. Additional ISO responsibilities for Transmission System expansion are contained in Section 32A. Study procedures associated with new Interconnections to the NYS Power System are contained in Section 32B. Section 19C addresses prioritization of network and point-to-point transmission expansion and interconnection studies. Nothing in this Tariff shall preclude the Transmission Owners from proposing or constructing transmission facilities in the public interest in accordance with all applicable regulatory requirements.~~

~~32.1 Notice of Request for System Impact Study:~~ ~~Network Integration Transmission Service is available to an Eligible Customer, including a Transmission Owner, willing to pay Congestion Rent as described in this Tariff. A request for Network Integration Transmission Service would not normally require a System Impact Study unless the Eligible Customer specifically requests that the ISO conduct such a study of facilities that could be constructed (for example, if the Eligible~~

Reserved for future use.

~~Customer requesting Network Integration Transmission Service determines that Congestion Rent or the cost of TCCs is too high and that customer is considering constructing new facilities to create incremental transfer capability resulting in incremental TCCs, or, if an Eligible Customer requests that transmission facilities be constructed to address reliability or other operational concerns) (a "Study Request"). When an Eligible Customer submits a Study Request it must give the ISO written notice of whether it intends to conduct all or part of the System Impact Study itself. After receiving a complete Study Request , the ISO shall, within thirty (30) days of the date that the Operating Committee approves the scope of the System Impact Study, or such other time as is agreed upon by the ISO and the Eligible Customer, tender a System Impact Study agreement pursuant to which the Eligible Customer shall agree to reimburse the ISO for performing the required System Impact Study. The ISO shall coordinate with the affected Transmission Owners in performing the System Impact Study. A description of the ISO's methodology for completing a System Impact Study is provided in Attachment D. Before a Study Request is evaluated, the Eligible Customer shall execute the System Impact Study agreement and return it to the ISO within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study agreement, its Study Request shall be deemed withdrawn.~~

~~32.2 System Impact Study Agreement and Cost Reimbursement:~~

~~The System Impact Study agreement will clearly specify the ISO's estimate of the actual cost, and time for completion of the System Impact Study.~~

Reserved for future use.

~~The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the ISO shall rely, to the extent reasonably practicable, on existing transmission planning studies including applicable studies submitted by the Eligible Customer. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's Study Request.~~

~~For System Impact Studies that a Transmission Owner or the ISO conducts on its own behalf, the Transmission Owner or ISO shall record the cost of the System Impact Studies pursuant to Section 8.~~

~~If a Transmission Owner, on behalf of the ISO, performs all or part of a System Impact Study, the ISO shall reimburse the Transmission Owner for any costs that the Transmission Owner incurred.~~

Reserved for future use.

~~32.3 System Impact Study Procedures:~~

~~The ISO shall coordinate with all affected Transmission Owners in performing the System Impact Study.~~

~~Upon receipt of an executed System Impact Study agreement, the ISO will complete the required System Impact Study as follows:~~

~~(i) if the Study Request specified that the Eligible Customer would not perform any part of the study then the ISO shall use due diligence to complete the study, and to obtain all necessary stakeholder approvals, within a one hundred and twenty (120) day period, or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives the executed System Impact Study Agreement, or an alternative starting date agreed to by the Eligible Customer and the ISO; or~~

~~(ii) if the Study Request specified that the Eligible Customer would perform all or part of the System Impact Study itself, then:~~

~~(A) the ISO shall use due diligence to complete those portion(s) of the study that the Eligible Customer is not performing, and to obtain all necessary stakeholder approvals of those portions, within a one hundred and twenty (120) day period, or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives the executed System Impact Study Agreement, or an alternative starting date agreed to by the Eligible Customer and the ISO; and~~

Reserved for future use.

~~(B) the ISO shall use due diligence to review any portion(s) of a study performed by an Eligible Customer within a thirty (30) day period or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives a complete draft from the Eligible Customer of its portion(s) of the study, or an alternative starting date agreed to by the Eligible Customer and the ISO. If the ISO determines that the portion(s) of the study performed by the Eligible Customer are incomplete or that changes are required, the Eligible Customer shall make any necessary changes. The ISO shall then use due diligence to review a revised complete draft of the Eligible Customer's portion(s) of the study within thirty days, or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives a revised complete draft, or an alternative starting date agreed to by the Eligible Customer and the ISO.~~

~~The ISO will normally submit System Impact Studies to the Operating Committee before finalizing them. If the Operating Committee directs the ISO to modify a System Impact Study or to perform other study-related work before granting its approval, then the deadline for completing the study will be extended for an additional time agreed upon by the ISO and the Eligible Customer. If the ISO and the Eligible Customer are unable to agree on an additional time the deadline for completing the study will be extended for another sixty (60) days.~~

Reserved for future use.

~~The System Impact Study shall identify any additional Direct Assignment Facilities or Network Upgrades required to comply with an Eligible Customer's or Transmission Owner's request. In the event that the ISO is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. The ISO will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself or a Transmission Owner. The ISO shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Study Request can be completed at no additional cost (e.g., if the ISO is currently studying requests to construct similar facilities).~~

~~32.4 Facilities Study Procedures:~~ ~~After a System Impact Study indicates that additions or upgrades to the Transmission System could be constructed in~~

Reserved for future use.

~~response to the Eligible Customer's Study Request, the Transmission Owner(s) whose facilities may be modified in performing the upgrade or addition (the "affected" Transmission Owner(s)), shall, within thirty (30) days of the later of: (i) the completion of the System Impact Study; (ii), the date on which the Eligible Customer provides the affected Transmission Owner(s) with written notice of whether it intends to perform all or part of the Facilities Study itself, or (iii) such other time as is agreed upon by the Transmission Owner(s) and the Eligible Customer, tender to the Eligible Customer a Facilities Study agreement. The ISO shall cooperate with the affected Transmission Owners in performing any subsequent Facilities Studies. In the Facilities Study agreement, the Eligible Customer shall agree to reimburse the Transmission Owner(s) for performing the required Facilities Study and the ISO for its associated costs. If the Eligible Customer wants the affected Transmission Owner(s) to undertake the Facilities Study, the Eligible Customer shall execute the Facilities Study agreement and return it to the affected Transmission Owner(s) within fifteen (15) days.~~

~~Upon receipt of an executed Facilities Study agreement, the affected Transmission Owner(s) will complete the required Facilities Study as follows:~~

~~(i) if the Eligible Customer gave written notice that it would not perform any part of the study then the affected Transmission Owners(s) shall use due~~

Reserved for future use.

~~diligence to complete the study within a one hundred and twenty (120) day period, or a different period agreed to by the Eligible Customer and the affected Transmission Owner(s), starting on the date that the affected Transmission Owner(s) receive the executed Facilities Study Agreement, or an alternative starting date agreed to by the Eligible Customer and the affected Transmission Owner(s); or~~

~~(ii) if the Eligible Customer gave written notice that it would perform all or part of the Facilities Study itself, then:~~

~~(A) the affected Transmission Owner(s) shall use due diligence to complete those portion(s) of the study that the Eligible Customer is not performing within a one hundred and twenty (120) day period, or a different period agreed to by the Eligible Customer and the affected Transmission Owner(s), starting on the date that the affected Transmission Owner(s) receive the executed Facilities Study Agreement, or an alternative starting date agreed to by the Eligible Customer and the affected Transmission Owner(s); and~~

~~(B) the affected Transmission Owner(s) shall use due diligence to review any portion(s) of a study performed by an Eligible Customer within a thirty (30) day period or a different period agreed to by the Eligible Customer and the affected Transmission Owner(s), starting on the date that the~~

Reserved for future use.

~~affected Transmission Owner(s) receive a complete draft from the Eligible Customer of its portion(s) of the study, or an alternative starting date agreed to by the Eligible Customer and the affected Transmission Owner(s). If the affected Transmission Owner(s) determine that the portion(s) of the study performed by the Eligible Customer are incomplete or that changes are required, the Eligible Customer shall make any necessary changes. The affected Transmission Owner(s) shall then use due diligence to review a revised complete draft of the Eligible Customer's portion(s) of the study within thirty days, or a different period agreed to by the Eligible Customer and the affected Transmission Owner(s), starting on the date that the affected Transmission Owner(s) receive a revised complete draft, or an alternative starting date agreed to by the Eligible Customer and the affected Transmission Owner(s).~~

~~If the Transmission Owner(s) are unable to complete the Facilities Study in the allotted time period, the Transmission Owner(s) shall notify the Transmission Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study.~~

Reserved for future use.

~~When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades, as determined pursuant to the provisions of Part III of this Tariff, and (iii) the time required to complete such construction. The Facilities Study shall contain a non-binding estimate as to the feasible TCCs resulting from the construction of the new facilities. If the Eligible Customer decides to proceed with the construction of the facilities described in the Facilities Study, the Eligible Customer shall (1) enter into a construction contract with the Transmission Owner(s) whose system(s) will be directly modified, and with the entity that will construct the facilities under the supervision of the Transmission Owner (if other~~

Reserved for future use.

~~Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. ER07-521-000 and -001, issued April 16, 2008, 123 FERC ¶ 61,044 (2008).~~

~~than the Transmission Owner(s)), and guarantee to compensate the Transmission Owner(s) and constructing entity (if other than the Transmission Owner(s)) for all costs incurred associated with the construction, and (2) provide each Transmission Owner with a letter of credit or other reasonable form of security acceptable to the Transmission Owner equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The construction contract shall contain terms and obligations of the Transmission Customer to pay for the facilities modifications or addition pursuant to the contract.~~

~~**32.5 Penalties for Failure to Meet Study Deadlines**: Section 19.9 defines penalties that apply for failure to meet the due diligence deadlines for System Impact Studies and Facilities Studies under Part II of the Tariff. These same requirements and penalties apply to service under Part III of the Tariff.~~

~~**32.6 Clustering of Network Integration Transmission Service Studies:** Section 19.10 specifies the procedures that shall govern the clustering of both System Impact Studies conducted by the ISO and Facilities Studies conducted by affected Transmission Owners.~~

Reserved for future use.

~~**32A Development of Transmission Reinforcement Options**~~

~~**32A.1** At the request of the PSC, the ISO shall develop a limited number of illustrative transmission reinforcement options, and associated cost estimates, to increase transfer capability limits on Interfaces identified by the PSC as having significant Congestion. Such reinforcement option results shall be made available to all Customers or potential Customers for the purpose of evaluating the economic costs and benefits of new facilities. Eligible Customers, including Transmission Owners, may then request a System Impact Study for a specific expansion project in accordance with Sections 32.1 through 32.3. Development of the transmission~~

Reserved for future use.

~~reinforcement options will not reflect the impacts of alternatives that may be proposed by other Eligible Customers, including generation projects, which could increase or decrease transmission Interface Transfer Capability or Congestion Rents or both. Cost estimates provided will be based on readily available data and shall in no way be binding on the ISO. The ISO will not charge the PSC for this service.~~

~~**32A.2** Subject to the Eligible Customer's obligation to compensate the ISO, at the request of an Eligible Customer, the ISO will develop illustrative transmission reinforcement options as described in Section 32A.1 above. The Eligible Customer shall comply with the provisions of Sections 32.1 through 32.3 that require the customer to enter into a System Impact Study agreement and agree to compensate the ISO for all costs incurred to conduct the study.~~

~~**32A.3** Requests to proceed with a system expansion shall be subject to the provisions of Section 32.~~

~~**32B Study Procedures For New Interconnections To The NYS Power System**~~

~~**32B.1 Request for Interconnection Study:** Any Eligible Customer proposing to interconnect its Load or Large Facility with the NYS Power System shall submit its interconnection proposal to the ISO. The ISO, in cooperation with the~~

Reserved for future use.

~~Filed to comply with order of the Federal Energy Regulatory Commission Docket No. ER04-449-000, -001 and 002, issued August 6, 2004, 108 FERC ¶ 61,159 (2004).~~

~~Transmission Owner with whose system the Eligible Customer proposes to interconnect, shall perform technical studies to determine whether the proposed interconnection may degrade system reliability or adversely affect the operation of the NYS Power System. The technical studies shall be conducted in accordance with the procedures specified in Section 32B.2. The proposed interconnection shall not proceed if the ISO concludes in the study that the proposed interconnection may degrade system reliability or adversely affect the operation of the NYS Power System. If the proposal is rejected, the ISO shall provide in writing the reasons why the proposal was rejected.~~

~~32B.2 Study Procedures:~~ ~~Upon receipt of the interconnection proposal and a written guarantee by the Eligible Customer to pay all costs incurred by the ISO and Transmission Owner(s) conducting the technical studies, the ISO, in cooperation with the Transmission Owner with whose system the Eligible Customer proposes to interconnect, shall perform the technical studies of the proposed interconnection. The ISO shall evaluate each Large Facility using the Interconnection Studies specified in the Large Facility Interconnection Procedures in Attachment X. The technical studies shall address the following:~~

~~(i) An evaluation of the potential significant impacts of the proposed interconnection on NYS Power System reliability, at a level of detail that reflects the magnitude of the impacts and the reasonable likelihood of their occurrence;~~

Reserved for future use.

~~Filed to comply with order of the Federal Energy Regulatory Commission Docket No. ER04-449-000, -001 and 002, issued August 6, 2004, 108 FERC ¶ 61,159 (2004).~~

~~(ii) An evaluation of impacts of the proposed interconnection on system voltage, stability and thermal limitations, as prescribed in the Reliability Rules;~~

~~(iii) An evaluation as to whether modifications to the NYS Power System would be required to maintain Interface transfer capability or comply with the voltage, stability and thermal limitations, as prescribed in the Reliability Rules. The ISO will apply the criteria established by NERC, NPCC and the NYSRC;~~

~~(iv) An evaluation of alternatives that would eliminate adverse reliability impacts, if any, resulting from the proposed interconnection; and~~

~~(v) An estimate of the increase or decrease in the Total Transfer Capability across each affected Interface.~~

~~32B.3 Interconnection Agreements:~~ ~~After receiving the approval of the proposed interconnection, and after the Eligible Customer makes payment to the ISO and Transmission Owner for the cost of the technical studies, the Eligible Customer may elect to continue with the proposed interconnection by entering into an interconnection agreement with the Transmission Owner with whose system the Eligible Customer proposes to interconnect. After completion of the~~

Reserved for future use.

~~Filed to comply with order of the Federal Energy Regulatory Commission Docket No. ER04-449-000, -001 and 002, issued August 6, 2004, 108 FERC ¶ 61,159 (2004).~~

~~Interconnection Facilities Study and Attachment S cost allocation process, the Developer of a Large Generating Facility may elect, in accordance with the Large Facility Interconnection Procedures in Attachment X, to continue with its proposed interconnection by entering into a Standard Large Generator Interconnection Agreement with the ISO and the Transmission Owner with whose system the Developer proposes to interconnect.~~

~~**32B.4 Interconnection Facilities Cost:** The Developer of the proposed Large Facility shall be responsible for the cost of the facilities needed for its project to reliably interconnect to the New York State Power System, in accordance with the interconnection facilities cost allocation rules set out in Attachment S.~~

~~**32C Small Generator Interconnections:** The interconnection procedures, and standard interconnection agreement, to be used for the interconnection of generating facilities no larger than 20MWs, are set forth in Attachment Z to this ISO OATT.~~

Reserved for future use.

~~**33.0 Load Shedding and Curtailments**~~

~~**33.1 Procedures:** Prior to the Service Commencement Date, the ISO and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Network Operating Agreement with the objective of responding to contingencies on the NYS Transmission System. The parties will implement such programs during any period when the ISO determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The ISO will notify all affected Network Customers in a timely manner of any scheduled Curtailment.~~

~~**33.2 Transmission Constraints:** During any period when the ISO determines that a transmission Constraint exists on the NYS Transmission System, and such Constraint may impair the reliability of the NYS Transmission System, the ISO generation resources on a least-cost basis in accordance with the provisions of Attachment J. When applicable, the ISO will follow the LEER Procedure, referenced in Section 13.6, which is incorporated by reference herein. The LEER Procedure is intended to prevent the necessity of implementing the curtailment procedures contained in the FERC and NERC tariffs and policies. If the ISO is required to Curtail Transmission Service as a result of a TLR event, the ISO will~~

Reserved for future use.

~~perform such Curtailment in accordance with the NERC TLR Procedure. Any redispatch under this Section may not unduly discriminate between the Transmission Owner's use of the NYS Transmission System on behalf of its Native Load Customers and any Network Customer's use of the NYS Transmission System to serve its designated Network Load.~~

~~**33.3 Cost Responsibility for Relieving Transmission Constraints:** Whenever the ISO implements least-cost redispatch procedures in response to a transmission Constraint, all Transmission Customers and Network Customers will bear the costs of such redispatch in accordance with Attachment J.~~

~~**33.4 Curtailments of Scheduled Deliveries:** If a transmission Constraint on the NYS Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and the ISO determines that it is necessary to Curtail scheduled deliveries, the parties shall Curtail such schedules in accordance with the Network Operating Agreement.~~

~~**33.5 Allocation of Curtailments:** The ISO shall, on a non-discriminatory basis, Curtail the Transaction(s) that effectively relieve the Constraint. However, to the~~

Reserved for future use.

~~extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by the Transmission Owners and Network Customers in proportion to their respective Load Ratio Shares. The ISO shall not direct Network Customers to Curtail schedules to an extent greater than the ISO would Curtail the Transmission Owners' schedules under similar circumstances.~~

~~**33.6 Load Shedding:** To the extent that a system contingency exists on the NYS Transmission System and the ISO determines that it is necessary to shed load, the parties shall shed load in accordance with previously established procedures under the Network Operating Agreement.~~

~~**33.7 System Reliability:** Notwithstanding any other provisions of this Tariff, the ISO reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Network Integration Transmission Service without liability on the ISO's and/or Transmission Owner's part for the purpose of the Transmission Owners making necessary adjustments to, changes in, or repairs on their lines, substations and facilities, and in cases where the continuance of Network Integration Transmission Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on the NYS~~

Reserved for future use.

~~Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. RM99-12-000, issued March 31, 2000, 90 FERC ¶ 61,352 (2000).~~

~~Transmission System or on any other system(s) directly or indirectly interconnected with the NYS Transmission System, the ISO, consistent with Good Utility Practice, also may Curtail Network Integration Transmission Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. The ISO will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network Integration Transmission Service will be not unduly discriminatory relative to the Transmission Owners' use of the NYS Transmission System on behalf of its Native Load Customers. The ISO shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.~~

~~34.0 Rates and Charges~~

~~Rates for Network Transmission Integration Service are provided for in Schedule 9 of this ISO OATT. The billing of these charges will be performed pursuant to Article 7.0 of this ISO OATT.~~

~~34.1 Monthly Demand Charge:~~

~~[Reserved]~~

Reserved for future use.

~~**34.2 [Reserved].**~~

~~**34.3 [Reserved].**~~

~~**34.4 Redispatch Charge:** The Network Customer shall pay redispatch costs in accordance with the provisions of Attachment J.~~

~~**34.5Stranded Cost Recovery:** The Transmission Owners other than NYPA may seek to recover stranded costs from the Network Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, the Transmission Owners must separately file any proposal to recover stranded costs under Section 205 of the FPA. This provision shall not supersede or otherwise affect a Transmission Owner's right to recover stranded costs under other authority. To the extent that LIPA's rates for service are established by Long Island Power Authority's Board of Trustees pursuant to Article 5, Title 1-A of the New York Public Authorities Law, Sections 1020-f(u) and 1020-s and are not subject to FERC and/or PSC jurisdiction, LIPA's recovery of stranded costs will not be subject to the foregoing requirements.~~

Reserved for future use.

~~Upon filing of a proposal to recover stranded costs under the FPA, the Transmission Owner shall immediately provide the ISO with a copy of the appropriate rate schedule which will be incorporated as a new SIRC rate schedule under this ISO OATT, subject to refund as may be required by the Commission. The ISO shall collect such SIRC from Network Service Customers and remit the collected amounts to the applicable Transmission Owner(s). Any SIRC rate schedule developed by LIPA under this ISO OATT will be effective upon receipt by the ISO, subject to any applicable laws and orders.~~

~~35.0 Operating Arrangements~~

~~35.1 Operation Under The Network Operating Agreement:~~ ~~The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Network Operating Agreement.~~

~~35.2 Network Operating Agreement:~~ ~~The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part III of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the parties to (i) operate and maintain equipment~~

Reserved for future use.

~~necessary for integrating the Network Customer within the NYS Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between the ISO, Transmission Owners and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the NYS Transmission System, interchange schedules, unit outputs for redispatch required under Section 33, voltage schedules, loss factors and other real time data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange data on forecasted Loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of Part III of this Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the Electric Reliability Organization (ERO) as defined in 18 C.F.R. § 39.1 and the Northeast Power Coordinating Council (NPCC), (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with the ISO, or (iii) satisfy its Control Area~~

Reserved for future use.

~~Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket No. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).~~

~~requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies the applicable reliability guidelines of the ERO and the NPCC requirements. The ISO shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services to the extent that such arrangements comply with the provisions for Self-Supply of Ancillary Services as described in Schedules 3 and 5. For Network Customers that are also taking service under the ISO Services Tariff, the Service Agreement under that Tariff will function as the Network Operating Agreement. All other Network Customers will negotiate a Network Operating Agreement with the ISO. A list of requirements for such Network Operating Agreement is included in Attachment G.~~

~~**35.3 Network Operating Committee:** The ISO Operating Committee will serve as the Network Operating Committee and will coordinate operating criteria for the parties' respective responsibilities under the Network Operating Agreement. The Committee shall meet from time to time as need requires, but no less than once each calendar year.~~

Reserved for future use.

~~Filed to comply with Order No. 890 of the Federal Energy Regulatory Commission, Docket No. RM05-17-000 and RM05-25-000, issued February 16, 2007, FERC Stats. & Regs. ¶ 31,241 (2007).~~

Customers under this Tariff. Retail access customers will take service under Part IV of this Tariff. All Sections of this Tariff apply to LSEs serving such customers. Eligible Customers, such as electric utilities, are not required to offer retail access to their customers as a condition of service under this Tariff. All retail access customers serving as their own LSE must take Transmission Service under ~~either~~ Part II ~~or III~~ of this Tariff in addition to taking service under Part IV. The common service provisions of Part I apply to retail access customers including LSEs.

36.0 Rights and Responsibilities of Eligible Customers and LSEs

36.1 Eligible Customers: Subject to Section 36.2, each Eligible Customer taking service under a retail access tariff of a Transmission Owner may, but need not, select an LSE to serve its needs for Energy and related services, according to the provisions of the applicable retail access tariff or retail access operating procedures. Such Eligible Customer must become a Transmission Customer under this Tariff. Each retail access customer shall be responsible for paying the retail Transmission Service Charge to the affected Transmission Owner, as provided for in the individual Transmission Owner's retail access tariffs. If an Eligible Customer selects an LSE to serve as its agent in procuring Transmission Service

SCHEDULE 1

SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE

This service is required to schedule the purchase, sale and movement of power through, out of, within, or into the NYCA. This service can be provided only by the ISO. The Transmission Customer must purchase this service from the ISO. The ISO Services Charge for Scheduling, System Control and Dispatch Service and any rebillings associated therewith are set forth below.

1. Parties to Which Charges Apply

The ISO shall charge, and Transmission Customers taking service under the ISO OATT, only, including Special Case Resources, Emergency Demand Response Program participants, Transmission Customers that have their virtual bids accepted and thereby engage in Virtual Transactions, and Transmission Customers that purchase Transmission Congestion Contracts, excluding Transmission Congestion Contracts that are created prior to [the date that the Commission issues an Order approving these revisions], shall pay an "ISO Services Charge" as calculated in Section 2.B of this Rate Schedule on all Transmission Services provided pursuant to Parts II~~, III~~ and IV to this Tariff, provided that Transmission Customers who are retail access customers who are being served by an LSE shall not pay this charge to the ISO; the LSE shall pay these charges. Transmission Customers taking service under both the ISO OATT and the ISO Services Tariff shall pay the applicable ISO Services Charge as calculated (i) in Sections 3.A through C of Rate Schedule 1 of the ISO Services Tariff, and (ii) in Sections 2.B.3 and 2.B.4 of this Rate Schedule.

2. Billing Units and Calculation of Rates

The ISO shall charge each Transmission Customer based on the product of: (i) the ISO Services Charge rate for Scheduling, System Control and Dispatch Service; and (ii) the

The actual Residual Adjustment for each month shall be the sum of the hourly Residual Adjustments calculated as follows: (A) the ISO's receipts from Transmission Customers and Primary Holders of TCCs for services which equal the sum of: (i) payments for Energy scheduled in the LBMP Market in that hour in the Day-Ahead commitment; (ii) payments for Energy purchased in the Real-Time LBMP Market for that hour that was not scheduled Day-Ahead; (iii) payments for Energy by generating facilities that generated less Energy in the real- time dispatch for that hour than they were scheduled Day-Ahead to generate in that hour for the LBMP Market; (iv) TUC payments made in accordance with Parts II, III and IV of this Tariff that were scheduled in that hour in the Day-Ahead commitment; and (v) real-time TUC payments in accordance with Parts II~~, III~~ and IV of this Tariff that were not scheduled in that hour in the Day-Ahead commitment; (B) less the ISO's payments to generation facilities, Transmission Owners and Primary Holders of TCCs equal to the sum of the following: (i) payments for Energy to generation facilities that were scheduled to operate in the LBMP Market in that hour in the Day-Ahead commitment; (ii) payments to generation facilities for Energy provided to the ISO in the real-time dispatch for that hour that those generation facilities were not scheduled to generate in that hour in the Day-Ahead commitment; (iii) payments for Energy to LSEs that consumed less Energy in the real-time dispatch than those LSEs were scheduled Day-Ahead to consume in that hour;

Self-Supply or purchase this service from alternate Suppliers.

2.0 Charges to Transmission Customers

(a) For all Actual Energy Withdrawals for Load located in the NYCA, the LSE is considered the Transmission Customer taking service under Parts II~~, III~~ and IV of this Tariff for purposes of this Rate Schedule and shall pay a charge for this service on all Transmission Service in accordance with this Tariff and purchases in the LBMP Markets in accordance with the ISO Services Tariff, when such service serves Load located in the NYCA.

(b) The ISO shall charge Transmission Customers and LSEs serving Load in the NYCA for Regulation and Frequency Response for each hour. The ISO shall charge Transmission Customers or LSEs taking service under Part IV of the ISO OATT to supply Station Power as third-party providers for Regulation and Frequency Response for each day. The charge shall be calculated as the Regulation and Frequency Response Rate, determined as an hourly or a daily rate as appropriate, multiplied by the LSE's or Transmission Customer's Load for the hour or by the Transmission Customers or LSEs withdrawals to provide Station Power as a third party provider for the day. The ISO shall calculate the Regulation and Frequency Response Rate, for an hour or for a day as appropriate, as follows:

$$Rate_{RFR} = \frac{\text{(Supplier Payment - Supplier Charge - Generator Charge)}}{Load_{NYCA}}$$

where: $Rate_{RFR}$ is the hourly or daily rate for Regulation and Frequency Response;

SCHEDULE 4

ENERGY IMBALANCE SERVICE

Energy Imbalance Service is provided when (1) a difference occurs between the scheduled and the actual delivery of Energy to a Load located within the NYCA over a single hour, or (2) a difference occurs between the scheduled and actual delivery of Energy from a POI within the NYCA to a neighboring control area in a single hour. The ISO must offer this service when the Transmission Service is used to serve Load within the NYCA or for an Export Transaction when the generation source is a Generator located in the NYCA. The Transmission Customer must purchase this service from the ISO.

The charges for Energy Imbalance Service are set forth below.

1.0 Energy Imbalance Service Charges

For each Transmission Customer that has executed a Service Agreement under the ISO Services Tariff, Energy Imbalance Service is considered to be supplied by the Real-Time Market and will be charged at the Real-Time LBMP price determined pursuant to Attachment J.

For each Transmission Customer that is not a Customer under the ISO Services Tariff and is receiving service under Part II ~~or III~~ of this Tariff, the ISO shall establish a deviation band of +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly

SCHEDULE 9

~~NETWORK INTEGRATION TRANSMISSION SERVICE~~

~~The charges for Network Integration Transmission Service are described below. Article 7.0 of this Tariff contains the billing and settlement terms and identifies which customers are responsible for paying each of the charges. Charges are based on actual transmission use with billing units measured in Mwh.~~

~~A. Transmission Usage Charge ("TUC")~~

~~The monthly TUC (in $) shall be the sum of the hourly values for each hour in the month of (i) the hourly Day-Ahead TUCs for Network Integration Transmission Service scheduled in the Day-Ahead Market, and (ii) the hourly Real-Time TUCs for Network Integration Transmission Service scheduled no later than ninety (90) minutes prior to such hour in the Dispatch Day.~~

~~1. The hourly Day-Ahead TUC shall be calculated as follows:~~

~~**Hourly Day-Ahead TUC = Scheduled Amount x ($DALBMP_{DP}$ – $DALBMP_{RP}$)**~~

~~Where:~~

~~**Scheduled Amount** is the quantity of MWh scheduled for Network Integration Transmission Service in the Day-Ahead Market by the Transmission Customer for that hour.~~

Reserved for future use.

~~**DALBMP$_{DP}$** is the Day-Ahead LBMP price of energy (in $/MWh) in that hour measured at the Point of Delivery (or withdrawal) as specified in the Transmission Service schedule. The method used to calculate Day-Ahead LBMP is described in Attachment J.~~

~~**DALBMP$_{RP}$** is the Day-Ahead LBMP price of energy (in $/MWh) in that hour measured at the Point of Receipt (or injection) as specified in the Transmission Service schedule. The method used to calculate Day-Ahead LBMP is described in Attachment J.~~

~~2. The hourly Real-Time TUC shall be calculated as follows:~~

$$\text{TUC for hour k For transaction j} = \frac{1}{3600}\sum_{i=1}^{n} MW_{ij} * t_i * \left(LBMP_{ij}^{r} - LBMP_{ij}^{s}\right)$$

~~Where:~~

~~Mw_{ij} = MW of the transaction for SCD execution interval i, for transaction j~~

~~n = Number of SCD intervals in an hour~~

~~t_i = Number of seconds in interval i which are part of hour k~~

~~$LBMP_{ij}r$ = LBMP at withdrawal location r for SCD execution interval i, for transaction j~~

Sheet Nos. 292 through 299 are reserved for future use.

~~Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. RM99-12-000, issued March 31, 2000, 90 FERC ¶ 61,352 (2000).~~

$LBMP_{ij}s$ = LBMP at injection locations for SCD execution interval i, for transaction j

3600 = number of seconds in each hour

(a) If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later then ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is less than the Scheduled Amount, the ISO shall credit that Transmission Customer for the difference at the Real-Time TUC.

(b) If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later then ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is greater than the Scheduled Amount, the ISO shall charge that Transmission Customer for the difference at the Real-Time TUC.

3. Exceptions to the requirement to pay the hourly TUC.

(a) The hourly TUC shall not apply in any hour in which the ISO physically and financially Curtails the customer's scheduled Transmission Service during the Dispatch Day.

(b) Transmission Customers with Grandfathered Rights that take Transmission Service in the Day-Ahead Market that corresponds to that customer's Grandfathered Rights shall, subject to a Section 205 filing under the Federal Power Act, pay for Marginal Losses associated with the hourly Day-Ahead LBMP in lieu of the TUC.

B. Marginal Losses

Payments for Marginal Losses (the "Marginal Losses Cost") shall equal the sum of the Hourly Day-Ahead Marginal Losses Cost and any adjustment to that cost as a result of subsequent schedule changes in the Real-Time Market (the "Hourly Real-Time Marginal Losses Cost")

1. Hourly Day-Ahead Marginal Losses Cost is calculated as follows:

Hourly Day-Ahead Marginal Losses Cost = Scheduled Amount x ($DAMLC_{DP}$ - $DAMLC_{RP}$)

Where:

$DAMLC_{DP}$ is the Marginal Losses Component of the Day-Ahead LBMP measured at the Delivery Point identified in the Transmission Customer's schedule. The Day-Ahead LBMP is calculated in accordance with Attachment J.

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. RM99-12-000, issued March 31, 2000, 90 FERC ¶ 61,352 (2000).

$DAMLC_{RP}$ is the Marginal Losses Component of the Day-Ahead LBMP measured at the Receipt Point identified in the Transmission Customer's schedule. The Day-Ahead LBMP is calculated in accordance with Attachment J.

2. Hourly Real-Time Marginal Losses Cost is calculated as follows:

Hourly Real-Time Marginal Losses Cost = Scheduled Amount x ($RTMLC_{DP}$ - $RTMLC_{RP}$)

Where:

$RTMLC_{DP}$ is the Marginal Losses Component of the Real-Time LBMP measured at the Delivery Point identified in the Transmission Service schedule. The Real-Time LBMP is calculated in accordance with Attachment J.

$RTMLC_{RP}$ is the Marginal Losses Component of the Real-Time LBMP measured at the Receipt Point identified in the Transmission Service schedule. The Real-Time LBMP is calculated in accordance with Attachment J.

(a) If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is

less than the Scheduled Amount in the Day-Ahead Market, the ISO shall credit that Transmission Customer for the difference in Marginal Losses Cost using the Real-Time LBMP Marginal Losses Component.

(b) If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is greater than the Scheduled Amount in the Day-Ahead Market, the ISO shall charge that Transmission Customer for the difference in Marginal Losses Cost using the Real-Time LBMP Marginal Losses Component.

C. Wholesale Transmission Service Charge ("WTSC")

The Wholesale Transmission Service Charge (in $) is calculated as follows:

1. For Exports and Wheels Through

WTSC = Schedule Amount x WTSC Rate

Where:

Scheduled Amount is the quantity of MWh scheduled in each hour for that month for Network Integration Transmission Service by the Transmission Customer.

WTSC Rate is the Wholesale Transmission Service Charge Rate or combination of rates that applies to the Transmission Customer's Transmission Service as determined in Attachment H .

2. For Imports and Internal Wheels

WTSC = Actual Energy Withdrawals x WTSC Rate

Where:

Actual MWh Withdrawal is the quantity of MWh withdrawn at the Point of Delivery identified in the Transmission Customer's Transmission Service schedule, in an hour. The amount shall be determined by: (1) measurement with a revenue-quality meter; (2) assessment in accordance with a Transmission Owner's PSC-approved retail access program or LIPA's lawfully established retail access program where the customer's demand is not measured by a revenue-quality meter; or (3) using a method agreed to by the customer and the applicable Transmission Owner until such time as a revenue-quality meter is available.

D. Retail Transmission Service Charge ("RTSC")

The rates and charges for retail transmission service are described in Part IV of this Tariff.

E. NYPA Transmission Adjustment Charge ("NTAC")

LSEs serving retail access Load will be charged an NTAC consistent with each Transmission Owner's retail access program pursuant to Section 7 of this Tariff. The Transmission Customer shall pay to the ISO each month the NTAC. NTAC (in $) is calculated as follows:

1. For Exports and Wheels Through

NTAC = Scheduled Amount x NTAC Rate

Where:

NTAC Rate is the rate listed and described in Attachment H.

Scheduled Amount is the amount of MWh scheduled in each hour for that month for Network Integration Transmission Service by the Transmission Customer.

2. For Imports and Internals Wheels

NTAC = Actual MWh Withdrawals x NTAC Rate

Where:

NTAC Rate is the rate listed and described in Attachment H.

Actual MWh Withdrawal is the quantity of MWh withdrawn at the Point of Delivery identified in the Transmission Customer's Transmission Service

schedule, in an hour. The amount shall be determined by: (1) measurement with a revenue-quality meter; (2) assessment in accordance with a Transmission Owner's PSC-approved retail access program or LIPA's lawfully established retail access program where the customer's demand is not measured by a revenue-quality meter; or (3) using a method agreed to by the customer and the applicable Transmission Owner until such time as a revenue-quality meter is available.

ATTACHMENT G

Reserved for future use.

~~NETWORK OPERATING AGREEMENT~~

~~For Network Customers that also take service under the ISO Services Tariff, the ISO Services Tariff shall serve as the Network Operating Agreement. For all other Network Customers, the ISO shall negotiate a Network Operating Agreement and file such Agreement with the Commission. These Agreements shall specify the following:~~

~~(1) Provisions for the operation and maintenance of equipment necessary for integrating the Network Customer within the NYS Transmission System including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment.~~

~~(2) Requirements for transfer of data between the ISO, Transmission Owners, and the Network Customer including, but not limited to, bid curves and operational characteristics of Network Resources, generation schedules for units outside of the NYS Transmission System, interchange schedules, unit outputs for redispatch required under Section 35, voltage schedules, loss factors and other real time data.~~

~~(3) Software programs for data links and Constraint dispatching.~~

~~(4) Data requirements on forecasted Loads and resources necessary for long-term planning.~~

~~(5) Any other technical requirements required for implementation of Part III of the Tariff.~~

Reserved for future use.

ATTACHMENT H

ANNUAL TRANSMISSION REVENUE REQUIREMENT FOR POINT-TO-POINT TRANSMISSION SERVICE ~~AND NETWORK INTEGRATION TRANSMISSION SERVICE~~

I. TSC

1.0 Applicability of the Transmission Service Charge to Wholesale Customers

Each month, each wholesale Transmission Customer shall pay to the appropriate Transmission Owner the applicable Wholesale Transmission Service Charge ("Wholesale TSC") calculated in accordance with Section 2.2 of this Attachment for the first two months of LBMP implementation and in accordance with Section 2.1 of this Attachment thereafter. The TSC shall apply to Transmission Service:

(a) from one or more Interconnection Points between the NYCA and another Control Area to one or more Interconnection Points between the NYCA and another Control Area ("Wheels Through");*

(b) from the NYCA to one or more Interconnection Points between the NYCA and another Control Area, including transmission to deliver Energy purchased from the LBMP Market and delivered to such a Control Area Interconnection Point ("Exports");* or

* The TSC shall not apply to Wheels Through or Exports scheduled with the ISO to destinations within the New England Control Area provided that the conditions listed in Section 7B.1(iv) of this Tariff are satisfied.

ATTACHMENT I

~~INDEX OF NETWORK INTEGRATION TRANSMISSION SERVICE CUSTOMERS~~

Reserved for future use.

1.1 Loss Matrix

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

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 II~~, III,~~ and IV of this Tariff) 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 the Generators 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).

2.0 Computation of Residual Loss Payments

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.

3.0 Day-Ahead Schedules

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 ~~and Network Integration Transmission Service~~ schedules, Load forecasts, and submitted Incremental Energy Bids, Decremental Bids and Sink Price Cap Bids.

In the Day-Ahead schedule, the ISO shall use the SCUC to determine Generator schedules, Transmission Service schedules and DNIs with adjacent Control Areas. The ISO shall not use Decremental Bids submitted by Transmission Customers for Generators associated with Non-Firm Point-to-Point Transmission Service in the determination of the Day-Ahead schedule.

4.0 Reduction and Curtailment

If a Transmission Customer's Firm Point-to-Point Transmission Service ~~or Network Integration Transmission Service~~ is supporting an Internal Bilateral Transaction, or an Import, the ISO shall not reduce the Transmission Service.

If the Transaction was scheduled in the Day-Ahead Market, and the Day-Ahead Schedule for the Generator designated as the Supplier of Energy for that Bilateral Transaction called for that Generator to produce less Energy than was scheduled Day-Ahead to be consumed in association with that Transaction, the ISO shall supply the Load or Transmission Customer in

ATTACHMENT O

~~**SERVICE AGREEMENT FOR NETWORK INTEGRATION TRANSMISSION SERVICE**~~

~~1.0 This Service Agreement, dated as of _____, 19__, is entered into, by and between the New York System Operator ("ISO") and _____ ("Transmission Customer").~~

~~2.0 The Transmission Customer has been determined by the ISO to have a valid request for Network Transmission Service under the Tariff and to have satisfied the conditions for service imposed by this Tariff.~~

~~3.0 Service under this Agreement shall commence on the later of: (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this Agreement shall terminate on such date as mutually agreed upon by the parties.~~

~~4.0 The ISO agrees to provide and the Transmission Customer agrees to pay for Network Transmission Service in accordance with the provisions of this Tariff, including the Network Operating Agreement (which is incorporated herein by reference), and this Service Agreement as they may be amended from time to time.~~

~~5.0 Any notice or request to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.~~

~~Transmission Provider:~~

~~New York Independent System Operator~~
~~3890 Carman Road~~
~~Guilderland, New York 12303~~

Sheet Nos. 626 through 630 are reserved for future use.

~~Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. RM99-12-000, issued March 31, 2000, 90 FERC ¶ 61,352 (2000).~~

Transmission Customer:

_____

_____

_____

6.0 This Tariff for Network Integration Transmission Service is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

New York Independent System Operator

By: _____ _____ _____
Name Title Date

Transmission Customer

By: _____ _____ _____
Name Title Date

CERTIFICATION

I, _____, certify that I am a duly authorized officer of _____ (Transmission Customer) and that _____ (Transmission Customer) will not request service under this Service Agreement to assist an Eligible Customer to avoid the reciprocity provision of this Open Access Transmission Tariff.

_____
(Name)

_____
(Title)

Subscribed and sworn before me

this _____ day of _____, 19___.

_____
(Notary Public)

My Commission expires: _____/_____/_____

SPECIFICATION FOR NETWORK INTEGRATION TRANSMISSION SERVICE

1.0 Term of Transaction: _____

Start Date: _____

Termination Date: _____

2.0 Description of Capacity and/or Energy to be transmitted within the NYCA (including electric control area in which the transaction originates).

_____

3.0 Network Resources: _____

4.0 Network Load: _____

5.0 Designation of party subject to reciprocal service obligation:

_____

6.0 Name(s) of any Intervening Systems providing transmission service: _____

_____

7.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of this Tariff.)

7.1 Embedded Cost Transmission Charge:

7.2 Facilities Study Charge:

7.3 Direct Assignment Facilities Charge:

7.4 Ancillary Services Charge:

7.5 Other Supporting Facilities Charge:

A. General Overview

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

1.1 Reliability Planning Process

Sections 4.0 through 9.0 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 and Good Utility Practice, which evaluation shall include all Load; (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.

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 4.0.

b. The NYISO, in conjunction with ESPWG, will develop criteria for the selection and grouping of the three congestion and resource integration studies that comprise each CARIS, as well as for setting the associated timelines for completion of the selected studies. Study selection criteria may include congestion estimates, and shall include a process to prioritize the three studies that comprise each CARIS. Criteria shall also include a process to set the cut off date for inputs into and completion of each CARIS study cycle.

c. The NYISO, in conjunction with ESPWG, will develop a process by which interested parties can request and fund other congestion and resource integration studies, in addition to those included in each CARIS. These individual congestion and resource integration studies are in addition to those studies that a customer can request related to firm point-to-point transmission service pursuant to Section 19 of the NYISO OATT, ~~or studies that a customer can request related to Network Integration Transmission Service pursuant to Section 32 of the NYISO OATT,~~ or studies related to interconnection requests under Attachment X or Attachment Z of the NYISO OATT.

d. The NYISO shall post all requests for congestion and resource integration studies on its website.

11.3 Preparation of the CARIS

a. The Study Period for the CARIS shall be the same ten-year Study Period covered by the CRP.

b. The CARIS will assume a reliable system throughout the Study Period, based upon the solutions identified in the most recently completed and approved CRP. The baseline system for the CARIS shall first incorporate sufficient viable market-based solutions to meet the identified Reliability Needs as well as any regulated backstop solutions triggered in prior or current CRPs. The NYISO, in conjunction with the ESPWG, will develop methodologies to scale back market-based solutions to the minimum needed to meet the identified Reliability Needs, if more have been proposed than are necessary to meet the identified Reliability Needs. Regulated backstop solutions that have been proposed but not triggered in the most recent CRP shall also be used if there are insufficient market-based solutions for the ten-year study period. Multiple market-based solutions, as well as regulated solutions to Reliability Needs, may be included in the scenario assessments described in Section 11.5.

2.109 ~~Network Integration Transmission Service~~

~~The Transmission Service provided under Part III of the Tariff.~~Reserved for future use.

2.109a New York City

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

2.110 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.

2.111 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.

facilities to the sum of investments in transmission and generation facilities.

2.187 Transmission Owner

The public utility or authority (or its designated agent) that owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Tariff.

2.188 Transmission Owner's Monthly Transmission System Peak

The maximum hourly firm usage as measured in megawatts ("MW") of the Transmission Owner's transmission system in a calendar month.

2.189 Transmission Reliability Margin ("TRM")

The amount of TTC reserved by the ISO to ensure the interconnected transmission network is secure under a reasonable range of uncertainties in system conditions.

2.190 Transmission Service

Point-To-Point ~~Network Integration or~~ Retail Access Transmission Service provided under the ISO OATT.

2.191 Transmission Service Charge ("TSC")

A charge designed to ensure recovery of the embedded cost of a Transmission Owner's transmission system.

2.191a Transmission Shortage Cost

The maximum reduction in system costs resulting from an incremental relaxation of a particular Constraint that will be used in calculating LBMP. The Transmission Shortage Cost is set at $4000/MWh.

13.3 Interconnection Cost Allocation

The cost allocation principles and methodologies in this Attachment Y do not apply to the interconnection costs of generation and merchant transmission projects. Interconnection costs are determined and allocated in accordance with Attachment S and Attachment X and Attachment Z of the NYISO OATT.

13.4 Individual Transmission Service Requests

The cost allocation principles and methodologies in this Attachment Y do not apply to the cost of transmission expansion projects undertaken in connection with an individual request for Transmission Service. The cost of such a project is determined and allocated in accordance with Section 19 ~~or Section 32~~ of the NYISO OATT.

13.5 LTP Facilities

The cost allocation principles and methodologies in this Attachment Y do not apply to the cost of transmission projects included in LTPs or LTP updates. Each Transmission Owner will recover the cost of such transmission projects in accordance with its then existing rate recovery mechanisms.

13.6 Regulated Non-Transmission Solutions to Reliability Needs

Costs related to regulated non-transmission reliability projects will be recovered by Responsible Transmission Owners, Transmission Owners and Other Developers in accordance with the provisions of New York Public Service Law, New York Public Authorities Law, or other applicable state law. Nothing in this section shall affect the Commission's jurisdiction over the sale and transmission of electric energy subject to the jurisdiction of the Commission.

14.0 Regulated Responses to Reliability Needs

14.1 Cost Allocation Principles

Cost allocation for regulated transmission solutions to Reliability Needs shall be determined by the NYISO based upon the principle that beneficiaries should bear the cost responsibility. The specific cost allocation methodology, to be developed by the NYISO in consultation with the ESPWG, will incorporate the following elements: