Attachment II

2.3 Definitions - C

Capability Period: Six-month periods which are established as follows: (i) from May 1 through October 31 of each year ("Summer Capability Period"); and (ii) from November 1 of each year through April 30 of the following year ("Winter Capability Period").

Capability Period Auction: An auction conducted no later than thirty (30) days prior to the start of each Capability Period in which Unforced Capacity may be purchased and sold in a six-month strip.

Capability Period SCR Load Zone Peak Hours: The top forty (40) coincident peak hours that, prior to the Summer 2014 Capability Period include hour beginning thirteen through hour beginning eighteen and beginning with the Summer 2014 Capability Period include hour beginning eleven through hour beginning nineteen. The Capability Period SCR Load Zone Peak Hours shall be determined by the NYISO from the Prior Equivalent Capability Period and shall be used by RIPs to report ACL values for the purpose of SCR enrollment. For a SCR enrolled with a Provisional ACL that requires verification data to be reported at the end of the Capability Period in which the SCR was enrolled, the Capability Period SCR Load Zone Peak Hours shall be determined from the Capability Period in which the SCR was enrolled. Such hours shall not include (i) hours in which Special Case Resources located in the specific Load Zone were called by the ISO to respond to a reliability event or test and (ii) hours for which the Emergency Demand Response Program resources were deployed by the ISO in each specific Load Zone. In addition, beginning with the Summer 2014 Capability Period, the NYISO shall not include, in descending rank order of NYCA Load up to a maximum of eight hours per Capability Period, a) the hour before the start time of a reliability event or performance test, in which SCRs located in the specific Load Zone were called by the ISO to respond to a reliability event or performance test, or b) the hour immediately following the end time of such reliability event or performance test.

Capability Year: A Summer Capability Period, followed by a Winter Capability Period (*i.e.,* May 1 through April 30).

Capacity: The capability to generate or transmit electrical power, or the ability to control demand at the direction of the ISO, measured in megawatts ("MW").

Capacity Accreditation Factor: The factors, set annually by the ISO in accordance with Section 5.12.14.3 and ISO Procedures, that reflect the marginal reliability contribution of the ICAP Suppliers within each Capacity Accreditation Resource Class toward meeting NYSRC resource adequacy requirements for the upcoming Capability Year. Capacity Accreditation Factors for each Capacity Accreditation Resource Class will be determined by the ISO for Rest of State, G-J Locality (excluding Load Zone J), NYC Locality, and Long Island Locality, in accordance with Section 5.12.14.3 and ISO Procedures. Capacity Accreditation Factors are applicable to all Resources and/or Aggregations within each Capacity Accreditation Resource Class that has been established in accordance with ISO Procedures.

Capacity Accreditation Resource Class: A defined set of Resources and/or Aggregations, as identified in accordance with ISO Procedures, with similar technologies and/or operating

characteristics which are expected to have similar marginal reliability contributions toward meeting NYSRC resource adequacy requirements for the upcoming Capability Year. Each Capacity Accreditation Resource Class will be evaluated through the annual review detailed in Section 5.12.14.3. Each Installed Capacity Supplier will be assigned a Capacity Accreditation Resource Class.

Capacity Limited Resource: Prior to May 1, 2025, ~~A~~a Resource that is constrained in its ability to supply Energy above its Normal Upper Operating Limit by operational or plant configuration characteristics became a~~.~~ Capacity Limited Resource~~s~~ by~~must~~ registering its ~~their~~ Capacity limiting characteristics with, and justify them to, the ISO consistent with ISO Procedures. Prior to May 1, 2025, Capacity Limited Resources may submit a schedule indicating that their Normal Upper Operating Limit is a function depending on one or more variables, such as temperature or pondage levels, in which case the Normal Upper Operating Limit applicable at any time shall be determined by reference to that schedule. After April 30, 2025, Resources shall no longer be able to able to participate as Capacity Limited Resources in the Installed Capacity Market.

Capacity Reservation Cap: As defined in the ISO OATT.

CARL Data: Control Area Resource and Load ("CARL") data submitted by Control Area System Resources to the ISO.

Centralized Transmission Congestion Contracts ("TCC") Auction ("Auction"): As defined in the ISO OATT.

Co-located Storage Resources ("CSR"): A wind or solar Intermittent Power Resource and an Energy Storage Resource that: (a) are both located behind a single Point of Injection (as defined in Section 1.16 of the OATT); (b) participate in the ISO Administered Markets as two distinct Generators; and (c) share a set of CSR Scheduling Limits. Resources that serve a Host Load may not participate in the ISO-Administered Markets as components of a CSR.

Code of Conduct: The rules, procedures and restrictions concerning the conduct of the ISO directors and employees, contained in Attachment F to the ISO Open Access Transmission Tariff.

Commenced Repair: A determination by the ISO that a Market Participant with a Generator i) has decided to pursue the repair of its Generator, and based on the ISO's technical/engineering evaluation ii) has a Repair Plan for the Generator that is consistent with a Credible Repair Plan, and iii) has made appropriate progress in pursuing the repair of its Generator when measured against the milestones of a Credible Repair Plan.

Commission ("FERC"): The Federal Energy Regulatory Commission, or any successor agency.

Compensable Overgeneration: A quantity of Energy provided over a given RTD interval in which a Supplier has offered Energy that exceeds the Real-Time Scheduled Energy established by the ISO for that Supplier and for which the Supplier may be paid pursuant to ISO Procedures.

For Suppliers not covered by other provisions of this Section and Intermittent Power Resources depending on wind or solar energy as their fuel for which the ISO has imposed a Wind and Solar Output Limit in the given RTD interval, Compensable Overgeneration shall initially equal three percent (3%) of the Supplier's Normal Upper Operating Limit which may be modified by the ISO if necessary to maintain good Control Performance.

For a Generator or Aggregation: (i) which is operating in Start-Up or Shutdown Periods, or Testing Periods; or (ii) which is a Limited Control Run of River Hydro Resource that has offered its Energy to the ISO in a given interval not using the ISO-committed Flexible or Self-Committed Flexible bid mode; or (iii) which is an Intermittent Power Resource that depends on landfill gas for its fuel and has offered its Energy to the ISO in a given interval not using the ISO-committed Flexible or Self-Committed Flexible bid mode; or (iv) which is an Intermittent Power Resource that depends on wind or solar energy for its fuel, Compensable Overgeneration shall mean all Energy actually injected by the Generator or Aggregation that exceeds the Real-Time Scheduled Energy established by the ISO for that Generator or Aggregation; provided however, this definition of Compensable Overgeneration shall not apply to an Intermittent Power Resource depending on wind or solar energy as its fuel for any interval for which the ISO has imposed a Wind and Solar Output Limit. For a Generator or Aggregation operating in intervals when it has been designated as operating Out of Merit at the request of a Transmission Owner or the ISO, Compensable Overgeneration shall mean all Energy actually provided by the Generator or Aggregation that exceeds the Real-Time Scheduled Energy up to the Energy level directed by the Transmission Owner or the ISO.

For a Generator comprised of a group of generating units at a single location, which grouped generating units are separately committed and dispatched by the ISO, and for which Energy injections are measured at a single location, Compensable Overgeneration shall mean that quantity of Energy injected by the Generator, during the period when one of its grouped generating units is operating in a Start-Up or Shutdown Period, that exceeds the Real-Time Scheduled Energy Injection established by the ISO for that period, for that Generator, and for which the Generator may be paid pursuant to ISO Procedures.

Completed Application: An Application that satisfies all of the information and other requirements for service under the ISO Services Tariff.

Confidential Information: Information and/or data that has been designated by a Customer to be proprietary and confidential, provided that such designation is consistent with the ISO Procedures, the ISO Services Tariff, and the ISO Code of Conduct.

Congestion: A characteristic of the transmission system produced by a constraint on the optimum economic operation of the power system, such that the marginal price of Energy to serve the next increment of Load, exclusive of losses, at different locations on the transmission system is unequal.

Congestion Component: The component of the LBMP measured at a location or the Transmission Usage Charge between two locations that is attributable to the cost of transmission Congestion as is more completely defined in Attachment B of the Services Tariff.

Congestion Rent: As defined in the ISO OATT.

Congestion Rent Shortfall: As defined in the ISO OATT.

Constraint: An upper or lower limit placed on a variable or set of variables that are used by the ISO in its SCUC, RTC, or RTD programs to control and/or facilitate the operation of the NYS Transmission System.

Contingency: An actual or potential unexpected failure or outage of a system component, such as a Generator, transmission line, circuit breaker, switch or other electrical element. A Contingency also may include multiple components, which are related by situations leading to simultaneous component outages.

Control Area: An electric system or combination of electric power systems to which a common Automatic Generation Control scheme is applied in order to: (1) match, at all times, the power output of the Generators and Aggregations within the electric power system(s) and Capacity and Energy purchased from entities outside the electric power system(s), with the Load within the electric power system(s); (2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice; (3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and (4) provide sufficient Capacity to maintain Operating Reserves in accordance with Good Utility Practice.

Control Area System Resource: A set of Resources owned or controlled by an entity within a Control Area that also is the operator of such Control Area. Entities supplying Unforced Capacity using Control Area System Resources will not designate particular Resources as the suppliers of Unforced Capacity.

Control Performance: A standard for measuring the degree to which a Control Area is providing Regulation Service in conformance with NERC requirements.

Controllable Transmission: Any Transmission facility over which power-flow can be directly controlled by power-flow control devices without having to re-dispatch generation.

Credible Repair Plan: A Repair Plan that meets the requirements described in Section 5.18.1.4 of this Services Tariff and in ISO Procedures**.**

Credit Assessment: An assessment of a Customer's creditworthiness, conducted by the ISO in accordance with Section 26.5.3 of Attachment K to this Services Tariff.

Critical Electric System Infrastructure Load: Load that is critical to maintaining the reliable operation of electric system infrastructure, including, without limitation, Load that is (i) necessary to maintain the delivery of natural gas, fuel oil, and other fuels used by Generators (including Local Generators) to generate electricity, (ii) likely to impact the supply of natural gas, fuel oil, and other fuel to Generators, or (iii) otherwise likely to impact Generator operation. Critical Electric System Infrastructure Load does not include on-site Load that is consumed for ancillary purposes unless such Load is necessary for compliance with parts (i) – (iii) of this definition.

Cross-Sound Scheduled Line: A transmission facility that interconnects the NYCA to the New England Control Area at Shoreham, New York and terminates near New Haven, Connecticut.

CSR Scheduling Limits: The CSR injection Scheduling Limit is used to determine the combined Regulation Capacity, Operating Reserve and Energy injection schedules for, and the maximum permitted net injection by a CSR's Generators. The CSR withdrawal Scheduling Limit sets is used to determine the combined Regulation Capacity and Energy withdrawal schedules for, and the maximum permitted net withdrawal by a CSR's Generators.

The Market Participant that is responsible for submitting Bids for a set of CSR Generators shall submit a CSR injection Scheduling Limit and a CSR withdrawal Scheduling Limit with the hourly Day-Ahead and Real-Time Market Bids it submits for each of the CSR Generators. The CSR Scheduling Limit values that the Market Participant submits must reflect the physical capability to inject or withdraw Energy at the Point of Injection/Point of Withdrawal.

To address the real-time variability of Energy deliveries from wind and solar Intermittent Power Resources that participate as Co-located Storage Resources, when the participating Energy Storage Resource has a non-zero Regulation and/or Operating Reserves schedule or is dispatched to inject Energy, and the sum of the participating Energy Storage Resource's and the participating wind or solar Intermittent Power Resource's Energy, Regulation Service and Operating Reserves Schedules is greater than or equal to a specified percentage of the CSR injection Scheduling Limit, then the ISO will issue a Wind and Solar Output Limit to the Intermittent Power Resource to not exceed its Base Point Signal. The specified percentage that is ordinarily used will be posted on the ISO's website.

CTS Enabled Interface: An External Interface at which the ISO has authorized the use of Coordinated Transaction Scheduling ("CTS") market rules and which includes a CTS Enabled Proxy Generator Bus for New York and a CTS Enabled Proxy Generator Bus for the neighboring Control Area.

CTS Enabled Proxy Generator Bus: A Proxy Generator Bus at which the ISO either requires or permits the use of CTS Interface Bids for Import and Export Transactions in the Real-Time Market and requires the use of Decremental Bids for Wheels Through in the Real-Time Market. A CTS Enabled Proxy Generator Bus at which the ISO permits CTS Interface Bids will also permit Decremental and Sink Price Cap Bids.

CTS Interface Bid: A Real-Time Bid provided by an entity engaged in an External Transaction at a CTS Enabled Interface. CTS Interface Bids shall include a MW amount, a direction indicating whether the proposed Transaction is to Import Energy to, or Export Energy from, the New York Control Area, and a Bid Price.

CTS Sink: Representation of the location(s) within a Control Area where energy associated with a CTS Interface Bid is withdrawn. The NYCA CTS Sinks are Proxy Generator Buses.

CTS Sink Price: The price at a CTS Sink.

CTS Source: Representation of the location(s) within a Control Area where energy associated with a CTS Interface Bid is injected. The NYCA CTS Sources are Proxy Generator Buses.

CTS Source Price: The price at a CTS Source.

Curtailment or Curtail: A reduction in Transmission Service in response to a transmission Capacity shortage as a result of system reliability conditions.

Curtailment Customer Aggregator: A Curtailment Services Provider that produces real-time verified reductions in NYCA load of at least 100 kW through contracts with retail end-users. The procedure for qualifying as a Curtailment Customer Aggregator is set forth in ISO procedures.

Curtailment Initiation Cost: The fixed payment, separate from a variable Demand Reduction Bid, required by a qualified Demand Reduction Provider in order to cover the cost of reducing demand.

Curtailment Services Provider: A qualified entity that can produce real-time, verified reductions in NYCA Load of at least 100 kW in a single Load Zone, pursuant to the Emergency Demand Response Program and related ISO procedures. The procedure for qualifying as a Curtailment Services Provider is set forth in Section 3 below and in ISO Procedures.

Curtailment Services Provider Capacity: Capacity from a Demand Side Resource nominated by a Curtailment Services Provider for participation in the Emergency Demand Response Program.

Customer: An entity which has complied with the requirements contained in the ISO Services Tariff, including having signed a Service Agreement, and is qualified to utilize the Market Services and the Control Area Services provided by the ISO under the ISO Services Tariff; provided, however, that a party taking services under the Tariff pursuant to an unsigned Service Agreement filed with the Commission by the ISO shall be deemed a Customer.

4.2 Day-Ahead Markets and Schedules

4.2.1 Day-Ahead Load Forecasts, Bids and Bilateral Schedules

4.2.1.1 General Customer Forecasting and Bidding Requirements

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

a. Bids to supply Energy, including Bids to supply Energy in Virtual Transactions;

b. Bids to supply Ancillary Services;

c. Requests for Bilateral Transaction schedules;

d. Bids to purchase Energy, including Bids to purchase Energy in Virtual Transactions and Bids to withdraw Energy by Withdrawal-Eligible Generators;

e. Demand Reduction Bids; and

f. For Behind-the-Meter Net Generation Resources, the forecasted Host Load for each hour of the Dispatch Day.

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

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

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

4.2.1.2 Load Forecasts

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

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

4.2.1.3.1 General Rules

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

A Supplier's Day-Ahead Bids for an Energy Storage Resource to withdraw Energy and to inject Energy shall be submitted as a single, continuous, bid curve representing the Capacity, in MW, available for commitment in the Day-Ahead Market for each hour of the Dispatch Day, and shall indicate whether the Resource's Energy Level will be ISO- or Self-Managed. An Energy Storage Resource may not change its Energy Level Management election within the Day-Ahead Market evaluation period (*i.e.,* within a single day).

A Supplier's Day-Ahead Market Self-Committed Flexible Bid for a DER Aggregation may include Energy withdrawals if the DER Aggregation includes at least one Withdrawal-Eligible Generator. A Supplier's hourly Day-Ahead Bids for a DER Aggregation to withdraw Energy and to supply Energy shall be submitted as a single, continuous bid curve representing the Capacity, in MW, available for each hour of the Dispatch Day. When the Energy Bid for a DER Aggregation includes both Energy supply and Energy withdrawal by a Withdrawal-Eligible Generator that is a component of the Aggregation, each point of the DER Aggregation's Bid curve shall reflect the net offer, such that any Energy withdrawals reduce the Energy the DER Aggregation is capable of supplying.

Co-located Storage Resources can each offer all of their available capability into the Day-Ahead Market. The ISO will account for the CSR Scheduling Limits in the scheduled if issues to CSR Generators.

If the Supplier using the ISO-Committed Flexible or Self-Committed Flexible bid mode is eligible to provide Regulation Service or Operating Reserves under Rate Schedules 3 and 4 respectively of this ISO Services Tariff, the Supplier's Bid may specify the quantity of Regulation Capacity it is making available and shall specify an emergency response rate that determines the quantity of Operating Reserves that it is capable of providing. Offers to provide Regulation Service and Operating Reserves must comply with the rules set forth in Rate Schedules 3 and 4 of this ISO Services Tariff. If a Supplier that is eligible to provide Operating Reserves does not submit a Day-Ahead Availability Bid for Operating Reserves, its Day-Ahead Bid shall be rejected in its entirety. A Behind-the-Meter Net Generation Resource that is comprised of more than one generating unit, or an Aggregation containing at least one generating

unit (unless all of the generating unit(s) use inverter-based energy storage technology) that is dispatched as a single aggregate unit at a single PTID is not qualified to provide Regulation Service or Spinning Reserves. Aggregations may only qualify to offer the Ancillary Services that all individual Resources in the Aggregation are qualified to provide. A Supplier may resubmit a complete Day-Ahead Bid, provided that the new Bid is timely. See Section 4.2.1.9 for bidding requirements for Demand Side Resources offering Energy in the Day-Ahead Market.

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

4.2.1.3.2 Bid Parameters

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

Committed Flexible and shall include a Minimum Generation Bid of zero megawatts and zero costs and a Start-Up Bid of zero cost.

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

Co-located Storage Resources must each submit a CSR injection Scheduling Limit and a CSR withdrawal Scheduling Limit for each hour of the Day-Ahead Market to indicate the expected capability of the relevant facilities. An Energy Storage Resource that participates in a CSR shall not submit Day-Ahead Market Bids that would Self-Commit the Generator to inject or to withdraw a quantity of Energy that exceeds an applicable CSR Scheduling Limit.

4.2.1.3.3 Upper Operating Limits, Lower Operating Limits, and Response Rates

All Bids to supply Energy and Ancillary Services must specify a UOL_N and a UOL_E for each hour. A Resource's UOL_E may not be lower than its UOL_N. Bids from Withdrawal-Eligible Generators, and Aggregations containing at least one Withdrawal-Eligible Generator, shall also specify the Generator's Lower Operating Limit for each hour.

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

emergency response rate which shall be equal to or greater than the maximum normal response rate of the Generator or Aggregation.

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

4.2.1.3.4 Additional Parameters for Energy Storage Resources and Aggregations Comprised only of Energy Storage Resources

In addition to the parameters that Suppliers submit for Energy Storage Resources because they are Generators, specific parameters may apply to some Bids for Energy Storage Resources. Consistent with the ISO Procedures, Bids from Suppliers for Energy Storage Resources supplying Energy and Ancillary Services may be required to specify the Beginning Energy Level and the Energy Storage Resource's Roundtrip Efficiency, and must specify its Upper and Lower Storage Limits. The Energy Level for an Energy Storage Resource shall be managed by the Supplier unless the Supplier elects, in its Bids, to be ISO-Managed.

The Day-Ahead Schedule for Energy Storage Resources with ISO-Managed Energy Levels will reflect the Resource's Energy Level constraints, including the Beginning Energy Level, the Upper and Lower Storage Limits, and the Resource's Roundtrip Efficiency. An Energy Storage Resource that self-manages its Energy Level is obligated to submit Bids that are consistent with its Energy Level constraints, and the Day-Ahead optimization will not honor the above-identified Energy Level constraints.

The rules in this section 4.2.1.3.4 shall also apply to Aggregations comprised entirely of Energy Storage Resources.

4.2.1.4 Offers to Supply Energy from Self-Committed Fixed Generators and Aggregations

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

A Supplier may submit a Day-Ahead Market Self-Committed Fixed Bid for a DER Aggregation to withdraw Energy if the DER Aggregation includes at least one Withdrawal-Eligible Generator. When a Self-Committed Fixed Bid for a DER Aggregation reflects both Energy supply and Energy withdrawals by a Withdrawal-Eligible Generator that is a component of the Aggregation, the DER Aggregation's Bid shall reflect the net offer, such that any Energy withdrawals reduce the Energy the DER Aggregation is capable of supplying.

4.2.1.5 Bids to Supply Energy in Virtual Transactions

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

4.2.1.6 Bids to Purchase Energy in Virtual Transactions

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

4.2.1.7 Bilateral Transactions

Transmission Customers requesting Bilateral Transaction schedules shall identify hourly Transaction quantities (in MW) by Point of Injection and Point of Withdrawal, minimum run times associated with Firm Point-to-Point Transmission Service, if any, and shall provide other information (as described in ISO Procedures). A Generator can be the Point of Injection for a Bilateral Transaction. A Withdrawal-Eligible Generator can be the Point of Injection or the Point of Withdrawal for a Bilateral Transaction, but it cannot be both the Point of Injection and the Point of Withdrawal for the same Bilateral Transaction. An Aggregation containing one or more Withdrawal-Eligible Generators can be the Point of Injection or the Point of Withdrawal for a Bilateral Transaction, but it cannot be both the Point of Injection and the Point of Withdrawal for the same Bilateral Transaction. An Aggregation containing one or more Demand Side Resources shall not be the Point of Injection or the Point of Withdrawal for a Bilateral Transaction.

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

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

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

Demand Reduction Providers and DSASP Providers offering Energy from Demand Side Resources shall submit Bids: (i) identifying the amount of Demand Reduction, in MWs in accordance with Section 4.1.4, that is available for commitment in the Day-Ahead Market (for

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

The ISO shall perform the Net Benefits Test and post on its web site the Monthly Net Benefit Offer Floor for each month by the 15th of the preceding month in accordance with ISO Procedures. The Net Benefits Test shall establish the threshold price below which the dispatch of Energy from Demand Side Resources is not cost-effective. The Net Benefits Test shall consist of the following steps: (1) the ISO shall compile hourly supply curves for the Reference Month; (2) the ISO shall develop the average supply curve for the Study Month by updating the Reference Month supply curves for retirements and new entrants, and adjusting offers for changes in fuel prices; (3) the ISO shall apply an appropriate mathematical formula to smooth the average supply curve; and (4) the ISO shall evaluate the smoothed average supply curve to determine the Monthly Net Benefit Floor for the Study Month. The ISO shall apply the Monthly Net Benefit Offer Floor, as so calculated, to Bids submitted by Demand Response Providers for all hours in the Study Month.

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

4.2.2 ISO Responsibility to Establish a Statewide Load Forecast

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

4.2.3 Security Constrained Unit Commitment ("SCUC")

Subject to ISO Procedures and Good Utility Practice, the ISO will develop a SCUC schedule over the Dispatch Day using a computer algorithm which simultaneously minimizes the total Bid Production Cost of: (i) supplying Energy or Demand Reductions to satisfy accepted purchasers' Bids to buy Energy from the Day-Ahead Market; (ii) providing sufficient Ancillary Services to support Energy purchased from the Day-Ahead Market consistent with the Regulation Service Demand curve and Operating Reserve Demand Curves set forth in Rate Schedules 3 and 4 respectively of this ISO Services Tariff; (iii) committing sufficient Capacity to meet the ISO's Load forecast and provide associated Ancillary Services; and (iv) meeting Bilateral Transaction schedules submitted Day-Ahead excluding schedules of Bilateral Transactions with Trading Hubs or Withdrawal-Eligible Generators as their POWs. The computer algorithm shall consider whether accepting Demand Reduction Bids will reduce the total Bid Production Cost.

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

The schedule will include commitment of sufficient Generators and/or Demand Side Resources/Aggregations to provide for the safe and reliable operation of the NYS Power System. SCUC will treat -Behind-the-Meter Net Generation Resources, Energy Storage Resources, and Aggregations as already being committed and available to be scheduled. Pursuant to ISO Procedures, the ISO may schedule any Resource to run above its UOL_N up to the level of its UOL_E. In cases in which the sum of all Bilateral Schedules, excluding Bilateral Schedules for Transactions with Trading Hubs or Withdrawal-Eligible Generators as their POWs, and all Day-Ahead Market purchases to serve Load within the NYCA in the Day-Ahead schedule is less than the ISO's Day-Ahead forecast of Load, the ISO will commit Resources in addition to the Operating Reserves it normally maintains to enable it to respond to contingencies. The purpose of these additional resources is to ensure that sufficient Capacity is available to the ISO in real-time to enable it to meet its Load forecast (including associated Ancillary Services). In considering which additional Resources to schedule to meet the ISO's Load forecast, the ISO will evaluate unscheduled Imports, and will not schedule those Transactions if its evaluation determines the cost of those Transactions would effectively exceed a Bid Price cap in the hours in which the Energy provided by those Transactions is required. In addition to all Reliability Rules, the ISO shall consider the following information when developing the SCUC schedule: (i) Load forecasts; (ii) Ancillary Service requirements as determined by the ISO given the Regulation Service Demand Curve and Operating Reserve Demand Curves referenced above;

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

In the development of its SCUC schedule, the ISO may commit and de-commit Generators and Demand Side Resources/Aggregations, based upon any flexible Bids, including Minimum Generation Bids, Start-Up Bids, Curtailment Initiation Cost Bids, Energy, and Incremental Energy Bids and Decremental Bids received by the ISO provided however that: (a) the ISO shall commit zero megawatts of Energy for Demand Side Resources committed to provide Operating Reserves and Regulation Service; and (b) for Behind-the-Meter Net Generation Resources, the ISO will consider for dispatch only those segments of the Resource's Incremental Energy Bids above the forecasted Host Load and subject to the Injection Limit.

The ISO may disable the ISO-Managed Energy Level bid parameter that is ordinarily available to Energy Storage Resources if it determines that there is a significant risk that including the ISO-Managed Energy Level bid parameter in the SCUC evaluation could delay the completion and posting of the Day-Ahead Market beyond the 11:00 a.m. deadline specified in

Section 4.2.5 of this Services Tariff. The ISO shall post a notice to its public website by 4:00 p.m. on the day before the Day-Ahead Market closes if it decides to disable the ISO-Managed Energy Level bid parameter. The ISO-Managed Energy Level bid parameter shall remain disabled until the ISO posts a notice that complies with the notice requirement specified above reinstating the bid parameter's availability.

When the ISO-Managed Energy Level bid parameter is disabled, Bids that utilized the ISO-Managed Energy Level functionality that were submitted prior to the issuance of the ISO's notice will be rejected. The ISO will inform affected Suppliers, so that the Suppliers will have the opportunity to resubmit their Day-Ahead Market Bids using Self-Managed Energy Levels prior to the deadlines specified in Section 4.2.1.1 of the Services Tariff. Bids that utilize ISO-Managed Energy Levels will continue to be rejected until the ISO reinstates the ISO-Managed Energy Level bid parameter, following notice.

The ISO may disable the ISO-Managed Energy Level bid parameter that is ordinarily available to Energy Storage Resources if it determines that there is a significant risk that including the ISO-Managed Energy Level bid parameter in the SCUC evaluation could delay the completion and posting of the Day-Ahead Market beyond the 11:00 a.m. deadline specified in Section 4.2.5 of this Services Tariff. The ISO shall post a notice to its public website by 4:00 p.m. on the day before the Day-Ahead Market closes if it decides to disable the ISO-Managed Energy Level bid parameter. The ISO-Managed Energy Level bid parameter shall remain disabled until the ISO posts a notice that complies with the notice requirement specified above reinstating the bid parameter's availability.

When the ISO-Managed Energy Level bid parameter is disabled, Bids that utilized the ISO-Managed Energy Level functionality that were submitted prior to the issuance of the ISO's

notice will be rejected. The ISO will inform affected Suppliers, so that the Suppliers will have the opportunity to resubmit their Day-Ahead Market Bids using Self-Managed Energy Levels prior to the deadlines specified in Section 4.2.1.1 of the Services Tariff. Bids that utilize ISO-Managed Energy Levels will continue to be rejected until the ISO reinstates the ISO-Managed Energy Level bid parameter, following notice.

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

4.2.3.1 Reliability Forecast for the Dispatch Day

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

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

A Transmission Owner may request commitment of additional Generators and/or Aggregations for a Dispatch Day following the close of the Day-Ahead Market to meet changed or local system conditions for the Dispatch Day that may cause the Day-Ahead schedules for the Dispatch Day to be inadequate to ensure the reliability of its local system. The ISO will use SRE to fulfill a Transmission Owner's request for additional Resources.

All Generator and/or Aggregation commitments made in the Day-Ahead Market pursuant to this Section 4.2.3.1 shall be posted on the ISO website following the close of the Day-Ahead Market, in accordance with ISO procedures. In addition, the ISO shall post on its website a non-binding, advisory notification of a request, or any modifications thereto, made pursuant to this Section 4.2.3.1 in the Day-Ahead Market by a Transmission Owner to commit a Generator and/or Aggregation that is located within a Constrained Area, as defined in Attachment H of this Services Tariff. The advisory notification shall be provided upon receipt of the request and in accordance with ISO procedures. The postings described here may be included with the operator-initiated commitment report that the ISO posts in accordance with Section 4.1.3.4 of this Services Tariff.

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

Prior to the Capability Period beginning May 1, 2025, ~~I~~in order to meet Load or reliability requirements in response to such changed conditions the ISO may: (i) commit additional Resources, beyond those committed Day-Ahead, using a SRE and considering (a) Bids submitted to the ISO that were not previously accepted but were designated by the bidder as

continuing to be available; or (b) new Bids from all Suppliers, including neighboring systems; or (ii) take the following actions: (a) after providing notice, require all Resources to run above their UOL_Ns, up to the level of their UOL_Es (pursuant to ISO Procedures) and/or raise the UOL_Ns of Capacity Limited Resources and Energy Limited Resources to their UOL_E levels, or (b) cancel or reschedule transmission facility maintenance outages when possible. Actions taken by the ISO in performing supplemental commitments will not change any financial commitments that resulted from the Day-Ahead Market.

Beginning with the Capability Period beginning May 1, 2025, in order to meet Load or reliability requirements in response to such changed conditions the ISO may: (i) commit additional Resources, beyond those committed Day-Ahead, using a SRE and considering (a) Bids submitted to the ISO that were not previously accepted but were designated by the bidder as continuing to be available; or (b) new Bids from all Suppliers, including neighboring systems; or (ii) take the following actions: (a) after providing notice, require all Resources to run above their UOL_{NS}, up to the level of their UOL_{ES} (pursuant to ISO Procedures) and/or raise the UOL_{NS} of Energy Limited Resources to their UOL_E levels, or (b) cancel or reschedule transmission facility maintenance outages when possible. Actions taken by the ISO in performing supplemental commitments will not change any financial commitments that resulted from the Day-Ahead Market.

4.2.4 Reliability Forecast for the Six Days Following the Dispatch Day

In the SCUC program, system operation shall be optimized based on Bids over the Dispatch Day. However, to preserve system reliability, the ISO must ensure that there will be

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

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

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

The ISO shall perform the SRE as follows: (1) The ISO shall develop a forecast of daily system peak Load for days two (2) through seven (7) in this seven (7)-day period and add the appropriate reserve margin; (2) the ISO shall then forecast its available Generators for the day in question by summing the Operating Capacity for all Generators currently in operation that are available for the commitment cycle, the Operating Capacity of all other Generators capable of

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

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

4.2.5 Post the Day-Ahead Schedule

By 11 a.m. on the day prior to the Dispatch Day, the ISO shall close the Day-Ahead scheduling process and post on the Bid/Post System the Day-Ahead schedule for each entity that

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

4.2.6 Day-Ahead LBMP Market Settlements

The ISO shall calculate the Day-Ahead LBMPs for each Load Zone and at each Generator bus and Demand Reduction Bus/Transmission Node as described in Attachment B. Each Supplier that bids a Generator or Aggregation into the ISO Day-Ahead Market and is scheduled in the SCUC to sell or purchase Energy in the Day-Ahead Market will be settled at the product of: (a) the Day-Ahead hourly LBMP at the applicable Generator bus or Transmission Node; and (b) the hourly Energy schedule. Each Supplier that bids an External Transaction into the Day-Ahead LBMP Market and is scheduled in the SCUC to sell Energy into the Day-Ahead LBMP Market will be settled at the product of (a) the Day-Ahead LBMP at the applicable Proxy Generator Bus and (b) the External Transaction schedule. For each Demand Reduction Provider that bids a Demand Reduction into the Day-Ahead Market and is scheduled in SCUC to provide Energy from the Demand Reduction, the LSE providing Energy service to the Demand Side

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

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

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

4.3 In-Day Scheduling Changes

Prior to the Capability Period beginning May 1, 2025, ~~A~~after the Day-Ahead schedule is published, the ISO shall normally grant requests by Capacity Limited Resources and Energy Limited Resources for reductions from Day-Ahead schedules to their UOL_Ns for any hour(s) in which they are scheduled above their UOL_Ns. However, the ISO may schedule such Resources to provide Energy in the Real-Time Market in an amount up to its Day-Ahead schedule during the relevant hour(s) at a price no higher than the relevant Day-Ahead offer price when it is needed to prevent or to address an Emergency.

Beginning with the Capability Period beginning May 1, 2025, after the Day-Ahead schedule is published, the ISO shall normally grant requests by Energy Limited Resources for reductions from Day-Ahead schedules to their UOL_{NS} for any hour(s) in which they are scheduled above their UOL_{NS}. However, the ISO may schedule such Resources to provide Energy in the Real-Time Market in an amount up to its Day-Ahead schedule during the relevant hour(s) at a price no higher than the relevant Day-Ahead offer price when it is needed to prevent or to address an Emergency.

The ISO will not recall Energy produced by a Generator serving External Load to the extent that the Generator is not providing Installed Capacity (and has not indicated that it wishes to qualify as a provider of Installed Capacity) in the NYCA. The ISO shall take action, including manual intervention, to schedule Export Transactions from Generators that have Available Generating Capacity and that have supplied installed Capacity to entities serving Load located in an External Control Area when the External Control Area issues a notification requiring such Generators to supply Energy, provided however, that any Transaction may be Curtailed in response to the invocation of Transmission Loading Relief procedures by the ISO or by operators

of other Control Areas. Energy from non-Installed Capacity providers in New York which is being Supplied outside the NYCA could be purchased by the ISO, pursuant to ISO Procedures, should an emergency exist in the NYCA, provided however that Energy from Generators that have supplied installed Capacity to entities serving Load located in an External Control Area that are responding to a notification by the External Control Area that requires such Generators to supply Energy, may not be purchased by the ISO should a capacity resource emergency exist in the NYCA.

4.5 Real-Time Market Settlements

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

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

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

market, which will continue to be treated as TO Load modifiers under the ISO-administered markets;

(ii) Existing topping turbine Generators and extraction turbine Generators producing electric Energy resulting from the supply of steam to the district steam system located in New York City (LBMP Zone J) in operation on or before November 18, 1999 and/or Generators utilized in replacing or repowering existing steam supplies from such units (in accordance with good engineering and economic design) that cannot follow schedules, up to a maximum total of 533 MW of such units.

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

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

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

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

4.5.2 Real-Time Market Settlements for Energy

4.5.2.1 General Rules for Suppliers

A Supplier, which is not a DER Aggregation, shall pay or be paid for Energy imbalance to account for differences between Actual Energy Injections, compensable Demand Reductions, real-time Energy schedules and Day-Ahead Energy schedules.

A DER Aggregation shall pay or be paid for Energy imbalance based on the (1) Actual Energy Injections, real-time Energy schedules, Day-Ahead Energy schedules, and (2) all compensable Demand Reductions eligible for payment at the applicable LBMP pursuant to Services Tariff Section 4.5.7.

A Generator or Aggregation that is not following Base Point Signals shall not be compensated for Energy in excess of its Real-Time Scheduled Energy injection if its applicable upper operating limit has been reduced below its bid-in upper operating limit by the ISO in order to reconcile the ISO's dispatch with the Generator or Aggregation's actual output, or to address reliability concerns.

If the Energy provided by a Supplier over an RTD interval is less than the Supplier's Day-Ahead Energy schedule, and if the Supplier reduced the Energy it provides in response to instructions by the ISO or a Transmission Owner that were issued in order to maintain a secure

and reliable dispatch, the Supplier may be entitled to a Day-Ahead Margin Assurance Payment, pursuant to Attachment J of this ISO Services Tariff.

4.5.2.1.1 Supplier Payments when LBMP is Positive

When the LBMP calculated in that RTD interval at the applicable Generator or Aggregation's bus is positive, the Supplier payment shall be calculated as follows:

Supplier payment for Energy injections and withdrawals = $((\text{MIN}(AE_{iu}, RTS_{iu}) - DAS_{hu}) * LBMP_{iu}^{RT}) * \frac{S_i}{3600}$

Where:

AE_{iu} = (1) average Actual Energy Injection by Supplier *u* in interval *i* expressed in terms of MW; or (2) average Actual Energy Withdrawal by an Energy Storage Resource *u* or Aggregation *u* that includes Energy Storage Resource(s) in interval *i* expressed in terms of MW;

RTS_{iu} = (1) real-time Energy scheduled by Supplier *u* in interval *i* plus Compensable Overgeneration; or (2) real-time Energy scheduled for withdrawal by Energy Storage Resource *u* or Aggregation *u* that includes Withdrawal-Eligible Generator(s) in interval *i* plus 3% of the absolute value of the Energy Storage Resource's or Aggregation's Lower Operating Limit; or (3) average Actual Energy Withdrawal by an Energy Storage Resource *u* or Aggregation *u* that includes Withdrawal-Eligible Generator(s) in interval *i* when it has been designated as operating Out-of-Merit to withdraw at the request of a Transmission Owner or the ISO;

DAS_{hu} = Day-Ahead Energy schedule for Supplier *u* in hour *h* containing interval *i*;

$LBMP_{iu}^{RT}$ = real-time price of Energy at the location of Supplier *u* in interval *i*;

S_i = number of seconds in RTD interval *i*;

Supplier payment for Demand Reductions =

$(\text{MIN}(ADR_{iu}, \text{MAX}(RTS_{iu} - AE_{iu}, 0)) * LBMP_{iu}^{RT}) * \frac{S_i}{3600}$

Where:

ADR_{iu} = average Actual Demand Reduction that is eligible for Energy payments pursuant to Services Tariff Section 4.5.7 by Supplier *u* in interval *i*, the ADR_{iu} term will be set to

zero if the Actual Demand Reduction is not eligible for Energy payments pursuant to Services Tariff Section 4.5.7;

The remaining variables are defined above in this Section 4.5.2.1.1.

4.5.2.1.2 Supplier Payments when LBMP is negative, during a large event reserve pickup, during a maximum generation pickup, or during a Transmission Owner initiated reserve pickup

When: (1) the LBMP calculated in that RTD interval at the applicable Generator or Aggregation bus is negative; or (2) the ISO initiates a large event reserve pickup or a maximum generation pickup under RTD-CAM that applies to the Load Zone where the Generator or Aggregation is located; or (3) a Transmission Owner initiates a reserve pickup in accordance with a Reliability Rule, including a Local Reliability Rule, then the Supplier payment shall be calculated as follows:

Supplier payment for Energy injections and withdrawals = $((AE_{iu} - DAS_{hu}) * LBMP_{iu}^{RT}) * \frac{S_i}{3600}$

Where:

The variables are defined above in this Section 4.5.2.1.1.

Supplier payment for Demand Reductions = $ADR_{iu} * LBMP_{iu}^{RT} * \frac{S_i}{3600}$

Where:

ADR_{iu} = average Actual Demand Reduction by Supplier *u* in interval *i*;

The remaining variables are defined above in Section 4.5.2.1.1.

4.5.2.1.3 Supplier Payments for Imports

Suppliers scheduling Imports shall pay or be paid for Energy imbalance to account for differences between real-time Energy schedules and Day-Ahead Energy schedules. For an

Import to the LBMP Market that is only scheduled in the Real-Time Market, or to the extent it is scheduled to supply additional or less Energy to the LBMP Market in real-time than it was scheduled to supply Day-Ahead, the Supplier payment shall be calculated as follows:

Supplier payment for Imports = $((RTS_{iup} - DAS_{hup}) * LBMP_{ip}^{RT}) * \frac{S_i}{3600}$

Where:

RTS_{iup} = real-time Energy scheduled for injection by Supplier *u* in interval *i* at Proxy Generator Bus *p*;

DAS_{hup} = Day-Ahead Energy schedule for Supplier *u* in hour *h* containing interval *i* at Proxy Generator Bus *p*;

$LBMP_{ip}^{RT}$ = real-time price of Energy at the Point of Receipt *p* (*i.e.*, the Proxy Generator Bus) in interval *i*;

S_i = number of seconds in RTD interval *i*;

4.5.2.2 Failed Transactions

If an Energy injection scheduled by RTC at a Proxy Generator Bus fails in the ISO's checkout process and the checkout failure occurred for reasons within the Supplier's or Transmission Customer's control, it will be required to pay the "Financial Impact Charge" described below. The ISO will determine whether the Transaction associated with an injection failed for reasons within a Supplier's or Transmission Customer's control.

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

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

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

4.5.2.3 Capacity Limited Resources and Energy Limited Resources

Prior to the Capability Period beginning May 1, 2025, ~~F~~for any hour in which: (i) a Capacity Limited Resource or an Aggregation comprised entirely of Capacity Limited Resources is scheduled to supply Energy, Operating Reserves, or Regulation Service in the Day-Ahead Market; (ii) the sum of its schedules to provide these services exceeds its bid-in upper operating limit; (iii) the Capacity Limited Resource or Aggregation comprised entirely of Capacity Limited Resources requests a reduction for Capacity limitation reasons; and (iv) the ISO reduces the Capacity Limited Resource's or the Aggregation comprised entirely of Capacity Limited Resources upper operating limit to a level equal to, or greater than, its bid-in upper operating limit; the imbalance charge for Energy, Operating Reserve Service or Regulation Service imposed on that Capacity Limited Resource or Aggregation comprised entirely of Capacity

Limited Resources for that hour for its Day-Ahead Market obligations above its Capacity limited upper operating limit shall be equal to the product of: (a) the Real-Time price for Energy, Operating Reserve Service and Regulation Capacity; and (b) the Capacity Limited Resource's or the Aggregation comprised entirely of Capacity Limited Resources Day-Ahead schedule for each of these services minus the amount of these services that it has an obligation to supply pursuant to its ISO-approved schedule. Prior to the Capability Period beginning May 1, 2025, ~~W~~when a Capacity Limited Resource's or the Aggregation comprised entirely of Capacity Limited Resources Day-Ahead obligation above its Capacity limited upper operating limit is balanced as described above, any real-time variation from its obligation pursuant to its Capacity limited schedules shall be settled pursuant to the methodology set forth in Section 4.5.2.1. After April 30, 2025, Resources shall no longer be able to participate as Capacity Limited Resources.

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

4.5.2.4 Demand Reductions

When the verified actual Demand Reduction over an hour from a Demand Reduction Provider that is also the LSE providing Energy service to the Demand Side Resource(s) that

produced the reduction is less than the Demand Reduction scheduled for that hour, that-LSE shall pay a Demand Reduction imbalance charge consisting of the product of: (a) the greater of the Day-Ahead LBMP or the Real-Time LBMP for that hour and (b) the difference between the scheduled Demand Reduction and the verified actual Demand Reduction in that hour.

When the verified actual Demand Reduction over an hour from a Demand Reduction Provider that is not the LSE providing Energy service to the Demand Side Resource(s) that produced the reduction is less than the Demand Reduction scheduled over that hour, then (1) the LSE providing Energy service to the Demand Reduction Provider's Demand Side Resource(s) shall pay a Demand Reduction imbalance charge equal to the product of (a) the Day-Ahead LBMP calculated for that hour for the applicable Load bus and (b) the difference between the scheduled Demand Reduction and the verified actual Demand Reduction at that bus in that hour, and (2) the Demand Reduction Provider will pay an amount equal to (a) the product of (i) the higher of the Day-Ahead LBMP or the Real-Time LBMP calculated for that hour for the applicable Load bus, and (ii) the difference between the scheduled Demand Reduction and the verified actual Demand Reduction at that bus in that hour, and (b) minus the amount paid by the LSE providing service to the Demand Reduction Provider's Demand Side Resource(s) under (1), above.

4.5.3 Real-Time Market Settlements for Energy Withdrawals Other Than in Virtual Transactions

4.5.3.1 General Rules

A Customer (other than a Generator that is eligible to withdraw Energy) shall pay or be paid for Energy imbalance to account for differences between Actual Energy Withdrawals over an RTD interval and its Energy withdrawals scheduled Day-Ahead. The ISO shall charge the Customer as follows for each applicable Load Zone:

Customer Charge = $((AEW_{icz} - DAS_{hcz}) * LBMP_{iz}^{RT}) * \frac{S_i}{3600}$

Where:

AEW_{icz} = Actual Energy Withdrawal by Customer *c* in Load Zone *z* in interval *i*;

DAS_{hcz} = Day-Ahead scheduled Energy withdrawals by Customer *c* in Load Zone *z* in hour *h* containing interval *i*;

$LBMP_{iz}^{RT}$ = real-time price of Energy for Load Zone *z* in interval *i*;

S_i = number of seconds in RTD interval i;

A Customer LSE providing Energy service to a Demand Reduction Provider's Demand Side Resource in a Load Zone shall be charged the product of: (a) the Real-Time hourly LBMP for that Load Zone; and (b) the actual Demand Reduction at the Demand Reduction Bus in that Load Zone.

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

4.5.3.1.1 Customer Settlements for Exports

Customers scheduling Exports shall pay or be paid for Energy imbalance to account for differences between real-time Energy schedules and Day-Ahead Energy schedules. For an Export from the LBMP Market that is only scheduled in the Real-Time Market, or to the extent it is scheduled to withdraw additional or less Energy from the LBMP Market in real-time than it was scheduled to withdraw Day-Ahead, the ISO shall charge the Customer as follows:

Customer Charge for Exports = $((RTS_{iup} - DAS_{hup}) * LBMP_{ip}^{RT}) * \frac{S_i}{3600}$

Where:

RTS_{iup} = real-time Energy scheduled for withdrawal by Customer *u* in interval *i* at Proxy Generator Bus *p*;

DAS_{hup} = Day-Ahead Energy schedule for Customer *u* in hour *h* containing interval *i* at Proxy Generator Bus *p*;

$LBMP_{ip}^{RT}$ = real-time price of Energy at the Point of Delivery *p* (*i.e.*, the Proxy Generator Bus) in interval *i*;

S_i = number of seconds in RTD interval i;

4.5.3.2 Failed Transactions

If an Energy withdrawal at a Proxy Generator Bus scheduled by RTC fails in the ISO's checkout process and the checkout failure occurred for reasons within the Supplier's or Transmission Customer's control, it will be required to pay the "Financial Impact Charge" described below. The ISO will determine whether the Transaction associated with a withdrawal failed for reasons within a Supplier's or Transmission Customer's control.

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

If a Wheel Through fails for reasons within a Supplier's or Transmission Customer's control, the Financial Impact Charge will equal the sum of the Financial Impact Charge described in this subsection and the Financial Impact Charge described above in Section 4.5.2.2.

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

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

The Actual Energy Withdrawal in a Load Zone by a Customer scheduled Day-Ahead to purchase Energy in a Virtual Transaction is zero and the Customer shall be paid the product of: (a) the Real-Time LBMP calculated in that hour for the applicable Load Zone; and (b) the scheduled Day-Ahead Energy Withdrawal of the Customer for that Hour in that Load Zone.

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

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

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

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

4.5.7 Settlement for Demand Reductions

4.5.7.1 Monthly Net Benefits Test

The ISO shall perform the Net Benefits Test and post on its web site the Monthly Net Benefit Threshold for each month by the 15th of the preceding month in accordance with ISO Procedures. The Net Benefits Test shall establish the threshold price below which the dispatch of Energy from Demand Side Resources is not cost-effective. The Net Benefits Test shall consist of the following steps: (1) the ISO shall compile hourly supply curves for the Reference

Month; (2) the ISO shall develop the average supply curve for the Study Month by updating the Reference Month supply curves for retirements and new entrants, and adjusting offers for changes in fuel prices; (3) the ISO shall apply an appropriate mathematical formula to smooth the average supply curve; and (4) the ISO shall evaluate the smoothed average supply curve to determine the Monthly Net Benefit Floor/Threshold for the Study Month.

The ISO shall promptly post corrections, where necessary, to the Monthly Net Benefit Threshold. Corrections shall only apply to errors in conducting the calculations described above and/or in posting the properly calculated Monthly Net Benefit Threshold. Corrections shall not include recalculations based on changes in gas prices.

4.5.7.2 Settlement Eligibility for Demand Reductions

A DER Aggregation may offer into the Day-Ahead Market or Real-Time Market below the Monthly Net Benefit Threshold. However, when a DER Aggregation receives a real-time Energy schedule, and the Real-Time LBMP calculated in that RTD interval for the applicable Transmission Node is less than the Monthly Net Benefit Threshold price, Demand Reductions by the DER Aggregation shall not be eligible for Energy payments, Day Ahead Margin Assurance Payments or Bid Production Cost guarantee payments otherwise available under this Services Tariff. Provided, however, if the DER Aggregation is dispatched by the ISO or Transmission Owner to meet NYCA or local system reliability, the Demand Reductions shall be eligible for Energy payments. The DER Aggregation may also be eligible for Day Ahead Margin Assurance Payments pursuant to Attachment J of this ISO Services Tariff and Bid Production Cost guarantee payments pursuant to Attachment C of this ISO Services Tariff.

4.5.8 Performance Tracking

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

5.12 Requirements Applicable to Installed Capacity Suppliers

5.12.1 Installed Capacity Supplier Qualification Requirements

In order to qualify as an Installed Capacity Supplier or be part of an Aggregation that is qualified as an Installed Capacity Supplier, Generators, controllable transmission projects electrically located in the NYCA, transmission projects with associated incremental transfer capability, and Distributed Energy Resources that have the ability to inject Energy must have obtained Capacity Resource Interconnection Service ("CRIS") pursuant to the applicable provisions of Attachments S or HH to the ISO OATT and have entered service; controllable transmission projects must also have obtained Unforced Capacity Deliverability Rights and transmission projects with associated incremental transfer capability must also have obtained External-to-ROS Deliverability Rights. Generators that are Co-located Storage Resources must each, independently, obtain CRIS in order to qualify as Installed Capacity Suppliers. Even if a Resource has otherwise satisfied the requirements to participate in the ISO's Installed Capacity market, a Resource in Inactive Reserves, an ICAP Ineligible Forced Outage, a Mothball Outage, or that is Retired is ineligible to participate in the ISO's Installed Capacity market. A Resource that elects to participate in the ICAP Market, and is within a defined electrical boundary, electrically interconnected with, and routinely serves a Host Load (which Host Load does not consist solely of Station Power) at a single PTID may only participate in the Installed Capacity market as a Behind-the-Meter Net Generation Resource. In order to participate as part of an Aggregation or as an Energy Storage Resource, such a resource may not participate with the Behind-the-Meter Net Generation configuration. Generators that are Co-located Storage Resources must each, independently, comply with all applicable market rules contained in this

Services Tariff Section 5.12 as an Energy Storage Resource or as an Intermittent Power Resource, as appropriate.

In addition, to qualify as an Installed Capacity Supplier in the NYCA, Energy Limited Resources, Generators, Installed Capacity Marketers, Intermittent Power Resources, Behind-the-Meter Net Generation Resources, Limited Control Run-of-River Hydro Resources and System Resources rated 1 MW or greater, other than External System Resources and Control Area System Resources which have agreed to certain Curtailment conditions as set forth in the third to last paragraph of Section 5.12.1 below, Responsible Interface Parties, existing municipally-owned generation, Energy Limited Resources, and Intermittent Power Resources, to the extent those entities are subject to the requirements of Section 5.12.11 of this Tariff, Aggregations with a capacity rating of 0.1 MW or greater, and Energy Storage Resources with a nameplate capacity rating that allows a minimum injection to the NYS Transmission System or distribution system of 0.1 MW or greater shall:

5.12.1.1 provide information reasonably requested by the ISO including the name and location of Resources, and System Resources;

5.12.1.2 in accordance with the ISO Procedures, perform DMNC or DMGC tests and submit the results to the ISO, or provide to the ISO appropriate historical production data;

5.12.1.3 abide by the ISO Generator maintenance coordination procedures;

5.12.1.4 provide the expected return date from any outages (including partial outages) to the ISO;

5.12.1.5 in accordance with the ISO Procedures,

5.12.1.5.1 provide documentation demonstrating that it will not use the same Unforced Capacity for more than one (1) buyer at the same time, and

5.12.1.5.2 in the event that the Installed Capacity Supplier supplies more Unforced Capacity than it is qualified to supply in any specific month (*i.e.*, is short on Capacity), documentation that it has procured sufficient Unforced Capacity to cover this shortfall.

5.12.1.6 except for Installed Capacity Marketers and Intermittent Power Resources that depend upon wind or solar as their fuel or Aggregations that are comprised of Intermittent Power Resources that depend on the same type of fuel, with that fuel being wind or solar, Bid into the Day-Ahead Market, unless the Energy Limited Resource, Generator, Aggregation, Limited Control Run-of-River Hydro Resource or System Resource is unable to do so due to an outage as defined in the ISO Procedures or due to temperature related de-ratings. Resources may also enter into the MIS an upper operating limit that would define the operating limit under normal system conditions. The circumstances under which the ISO will direct a Resource to exceed its upper operating limit are described in the ISO Procedures;

5.12.1.6.1 Co-located Storage Resources must each submit a CSR injection Scheduling Limit and a CSR withdrawal Scheduling Limit for each hour of the Day-Ahead Market consistent with Section 5.12.7.1 below;

5.12.1.7 provide Operating Data in accordance with Section 5.12.5 of this Tariff;

5.12.1.8 provide to the ISO regarding any proposed transfers of deliverability rights to be carried out pursuant to Sections 40.18.3 – 40.18.5 of Attachment HH to the

ISO OATT: (i) if a request to transfer CRIS at a different location, notice of submission of an Interconnection Request or CRIS-Only Request to transfer CRIS, and (ii) if it is a request to transfer CRIS at the same location, notice of submission of the request.

5.12.1.9 comply with the ISO Procedures;

5.12.1.10 when the ISO issues a Supplemental Resource Evaluation request (an SRE), NYCA Resources must Bid into the in-day market unless (and only to the extent) the entity has a bid pending in the Real-Time Market when the SRE request is made or is unable to bid in response to the SRE request due to an outage as defined in the ISO Procedures, or due to other operational issues, or due to temperature related deratings.

If an External Installed Capacity Supplier is a Generator, or if an External Generator is associated with an Unforced Capacity sale using UDRs or EDRs, then except to the extent such a Generator is unable to Bid in response to the SRE request due to an outage as defined in the ISO Procedures, due to physical operating limitations affecting the Generator, or due to other operational issues that are outside the Installed Capacity Supplier's control, as determined by the ISO, it must take all of the following actions for each hour of an SRE request (a) Bid an Import to the NYCA in a MW quantity equal to the lesser of (i) the ICAP equivalent of the UCAP sold, or (ii) the maximum MW the Generator is able to produce, at the approved Proxy Generator Bus, at the applicable minimum Bid Price, and (b) ensure that the External Generator is operating and is available to provide all of the MW that were Bid to be imported into the NYCA, up to the

ICAP equivalent of the UCAP sold, for the entire duration of the SRE request, and (c) obtain all reservations and transmission service necessary to deliver all of the MW that were Bid to be imported into the NYCA or to a Locality from the Generator, up to the ICAP equivalent of the UCAP sold from the External Generator, at the approved Proxy Generator Bus.

If the External Installed Capacity Supplier that is a Generator, or the External Generator associated with an Unforced Capacity sale using UDRs or EDRs, is not able to Import the quantity of Energy equal to the ICAP equivalent of the UCAP sold from the Generator or EDR to the NYCA, or if a UDR to the Locality, for every hour of an SRE request then, except to the extent already addressed by a declared outage, the Generator shall provide to the ISO an explanation of the reasons for its failure or inability to perform, including evidence demonstrating any physical operating limitations or other operational issues that prevented the Generator from Importing the quantity of Energy equal to the ICAP equivalent of the UCAP sold from the Generator to the NYCA. To the extent the ISO determines that the information and supporting evidence provided demonstrates that the failure or inability to deliver occurred for reasons outside the control of the External Installed Capacity Supplier or the External Generator associated with an Unforced Capacity sale using UDRs or EDRs, then the deficiency charge set forth in Section 5.12.12.2 below that applies solely to violations of this Section 5.12.1.10, shall not be assessed.

If an External Installed Capacity Supplier is a Control Area System Resource then, except to the extent it is unable to Bid in response to the SRE

request due to an outage as defined in the ISO Procedures or due to operational issues that are outside the Installed Capacity Supplier's control, it must take all of the following actions for each hour of an SRE request (x) Bid an Import in a MW quantity equal to the ICAP equivalent of the UCAP sold, at the approved Proxy Generator Bus, at the applicable minimum Bid Price, and (y) obtain all reservations and transmission service necessary to deliver the ICAP equivalent of the UCAP sold from the Control Area System Resource to the NYCA at the approved Proxy Generator Bus.

If the External Installed Capacity Supplier that is a Control Area System Resource is not able to Import the quantity of Energy equal to the ICAP equivalent of the UCAP sold from the Control Area System Resource to the NYCA for every hour of an SRE request then, except to the extent already addressed by a declared outage, the External Installed Capacity Supplier shall provide to the ISO an explanation of the reasons for its failure or inability to perform, including evidence demonstrating any operational issues that prevented the External ICAP Supplier from Importing the quantity of Energy equal to the ICAP equivalent of the UCAP sold from the Control Area System Resource to the NYCA. To the extent the ISO determines that the information and supporting evidence provided demonstrates that the failure or inability to deliver occurred for reasons outside the External Installed Capacity Supplier's control, then the deficiency charge set forth in Section 5.12.12.2 below that applies solely to violations of this Section 5.12.1.10, shall not be assessed. A Control Area System Resource must demonstrate that transmission outage(s) prevented delivery of all

available Resources in order for the ISO to determine that the Control Area System Resource's failure to Import the quantity of Energy equal to the ICAP equivalent of the UCAP sold occurred for a reason that was outside the External Installed Capacity Supplier's control.

When an External Installed Capacity Supplier that is responding to an ISO SRE request Bids its Import at a Non-Competitive Proxy Generator Bus, its obligation to Bid an Import at the applicable minimum Bid Price includes the obligation to ensure that neither the External Installed Capacity Supplier nor any of its Affiliates are offering other Imports at an equivalent or greater economic priority at the Non-Competitive Proxy Generator Bus.

5.12.1.11 Installed Capacity Suppliers located East of Central-East shall Bid in the Day-Ahead and Real-Time Markets all Capacity available for supplying 10-Minute Non-Synchronized Reserve (unless the Generator or Aggregation is unable to meet its commitment because of an outage as defined in the ISO Procedures), except for the Resources described in Subsections 5.12.1.11.1, 5.12.1.11.2 and 5.12.1.11.3 below;

5.12.1.11.1 Generators providing Energy under contracts executed and effective on or before November 18, 1999 (including PURPA contracts) in which the power purchasers do not control the operation of the supply source but would be responsible for penalties for being off-schedule, with the exception of Generators under must-take PURPA contracts executed and effective on or before November 18, 1999, who have not provided telemetering to their local TO and

historically have not been eligible to participate in the NYPP market, which will continue to be treated as TO Load modifiers under the ISO-administered markets;

5.12.1.11.2 Existing topping turbine Generators and extraction turbine Generators producing Energy resulting from the supply of steam to the district steam system located in New York City (LBMP Zone J) in operation on or before November 18, 1999 and/or Generators used in replacing or repowering steam supplies from such units (in accordance with good engineering and economic design) that cannot follow schedules, up to a maximum total of 533 MW of such units; and

5.12.1.11.3 Resources that have demonstrated to the ISO that they are subject to environmental, contractual or other legal or physical requirements that would otherwise preclude them from providing 10-Minute NSR;

5.12.1.12 A Resource that was determined by the ISO to be qualified as a Behind-the-Meter Net Generation Resource and for which Net Unforced Capacity was calculated by the ISO for a Capability Year can annually, by written notice received by the NYISO prior to August 1, elect not to participate in the ISO Administered Markets as a Behind-the-Meter Net Generation Resource. Such notice shall be in accordance with ISO Procedures. A Resource that makes such an election cannot participate as a Behind-the-Meter Net Generation Resource for the entire Capability Year for which it made the election, but can, however, prior to August 1 of any subsequent Capability Year, provide all required information in order to seek to re-qualify as a Behind-the-Meter Net Generation Resource.

5.12.1.13 An Energy Storage Resource, or Aggregations comprised entirely of Energy Storage Resources, may de-rate its maximum capability in order to meet

the applicable Services Tariff Section 5.12.14 run-time requirement. ESRs electing to de-rate their maximum capability shall perform a DMNC test at an output level consistent with its de-rated capability in accordance with Services Tariff Section 5.12.14 and ISO Procedures (*see*, Installed Capacity Manual § 4).

5.12.1.14 Energy Limited Resources, Energy Storage Resources, Aggregations comprised entirely of Energy Storage Resources, DER Aggregations, and Aggregations that are Energy Limited Resources must elect an Energy Duration Limitation that corresponds to a Duration Adjustment Factor, as described in Section 5.12.14 below, and validate the Energy Duration Limitation pursuant to Section 5.12.1.2 above. An Installed Capacity Supplier may elect any Energy Duration Limitation that it can demonstrate pursuant to Section 5.12.1.2.

5.12.1.15 Starting with the Capability Year beginning May 1, 2025, Installed Capacity Suppliers with dual fuel capability that elect to demonstrate firm fuel capability via the use of their alternative fuel will be required to demonstrate operability prior to December 1 of the applicable Capability Period, as that term is defined in, and in accordance with Section 5.12.8 of this Services Tariff and the ISO Procedures.

The ISO shall inform each potential Installed Capacity Supplier that the ISO must receive and approve DMNC or DMGC data, as applicable of its approved DMNC or DMGC ratings for the Summer Capability Period and the Winter Capability Period in accordance with the ISO Procedures.

Requirements to qualify as Installed Capacity Suppliers for External System Resources and Control Area System Resources located in External Control Areas that have agreed not to

Curtail the Energy associated with such Installed Capacity or to afford it the same Curtailment priority that it affords its own Control Area Load shall be established in the ISO Procedures.

External Installed Capacity not associated with UDRs, including capacity associated with External CRIS Rights, EDRs, Grandfathered External Installed Capacity Agreements listed in Attachment E of the ISO Installed Capacity Manual, the Existing Transmission Capacity for Native Load listed for New York State Electric & Gas Corporation in Table 3 of Attachment L to the ISO OATT, Import Rights, and External System Resources, is only qualified to satisfy a NYCA Minimum Unforced Capacity Requirement and is not eligible to satisfy a Locational Minimum Installed Capacity Requirement.

Not later than 30 days prior to each ICAP Spot Market Auction, each Market Participant that may make offers to sell Unforced Capacity in such auction shall submit information to the ISO, in accordance with ISO Procedures and in the format specified by the ISO that identifies each Affiliated Entity, as that term is defined in Section 23.2.1 of Attachment H of the Services Tariff, of the Market Party or with which the Market Party is an Affiliated Entity. The names of entities that are Affiliated Entities shall not be treated as Confidential Information, but such treatment may be requested for the existence of an Affiliated Entity relationship. The information submitted to the ISO shall identify the nature of the Affiliated Entity relationship by the applicable category specified in the definition of "Affiliated Entity" in Section 23.2.1 of Attachment H of the Services Tariff.

5.12.2 Additional Provisions Applicable to External Installed Capacity Suppliers

Terms in this Section 5.12.2 not defined in the Services Tariff have the meaning set forth in the OATT.

5.12.2.1 Provisions Addressing the Applicable External Control Area

External Generators, External System Resources, and Control Area System Resources qualify as Installed Capacity Suppliers if they demonstrate to the satisfaction of the NYISO that the Installed Capacity Equivalent of their Unforced Capacity is deliverable to the NYCA; in the case of an entity using a UDR to meet a Locational Minimum Installed Capacity Requirement, to the NYCA interface associated with that UDR transmission facility and will not be recalled or curtailed by an External Control Area to satisfy its own Control Area Loads; in the case of an EDR, to the NYCA interface over which it creates increased transfer capability; and in the case of Control Area System Resources, if they demonstrate that the External Control Area will afford the NYCA Load the same curtailment priority that they afford their own Control Area Native Load Customers. The amount of Unforced Capacity that may be supplied by such entities qualifying pursuant to the alternative criteria may be reduced by the ISO, pursuant to ISO Procedures, to reflect the possibility of curtailment. External Installed Capacity associated with Import Rights, EDRs or UDRs is subject to the same deliverability requirements applied to Internal Installed Capacity Suppliers associated with UDRs.

5.12.2.2 Additional Provisions Addressing Internal Deliverability and Import Rights

In addition to the provisions contained in Section 5.12.2.1 above, External Installed Capacity not associated with UDRs, EDRs, or External CRIS Rights will be subject to the deliverability test in Section 40.13.8 and 40.13.9 of Attachment HH to the ISO OATT. The deliverability of External Installed Capacity not associated with UDRs, EDRs, or External CRIS Rights will be evaluated annually as a part of the process that sets import rights for the upcoming Capability Year, to determine the amount of External Installed Capacity that can be imported to the New York Control Area across any individual External Interface and across all of those

External Interfaces, taken together. The External Installed Capacity deliverability test will be performed using the ISO's forecast, for the upcoming Capability Year, of New York Control Area CRIS resources, transmission facilities, and load. Under this process (i) Grandfathered External Installed Capacity Agreements listed in Attachment E of the ISO Installed Capacity Manual, and (ii) the Existing Transmission Capacity for Native Load listed for New York State Electric & Gas Corporation in Table 3 of Attachment L to the ISO OATT, will be considered deliverable within the Rest of State. Additionally, 1090 MW of imports made over the Quebec (via Chateauguay) Interface will be considered to be deliverable until the end of the 2010 Summer Capability Period.

The import limit set for External Installed Capacity not associated with UDRs, EDRs or External CRIS Rights will be set no higher than the amount of imports deliverable into Rest of State that (i) would not increase the LOLE as determined in the upcoming Capability Year IRM consistent with Section 2.7 of the NYISO Installed Capacity Manual, "Limitations on Unforced Capacity Flow in External Control Areas," (ii) are deliverable within the Rest of State Capacity Region when evaluated with the New York Control Area CRIS resources (including EDRs and UDRs) and External CRIS Rights forecast for the upcoming Capability Year, and (iii) would not degrade the transfer capability of any Other Interface by more than the threshold identified in Section 40.13.9 of Attachment HH to the ISO OATT. Import limits set for External Installed Capacity will reflect the modeling of awarded External CRIS rights, but the awarded External CRIS rights will not be adjusted as part of import limit-setting process. Procedures for qualifying selling, and delivery of External Installed Capacity are detailed in the Installed Capacity Manual.

Until the grandfathered import rights over the Quebec (via Chateauguay) Interface expire at the end of the 2010 Summer Capability Period, the 1090 MW of grandfathered import rights will be made available on a first-come, first-served basis pursuant to ISO Procedures. Any of the grandfathered import rights over the Quebec (via Chateauguay) Interface not utilized for a Capability Period will be made available to other external resources for that Capability Period, pursuant to ISO Procedures, to the extent the unutilized amount is determined to be deliverable.

Additionally, any of the Existing Transmission Capacity for Native Load listed for New York State Electric & Gas Corporation not utilized by New York State Electric & Gas Corporation for a Capability Period will be made available to other external resources for that Capability Period, pursuant to ISO procedures, to the extent the unutilized amount is determined to be deliverable within the Rest of State Capacity Region.

LSEs with External Installed Capacity as of the effective date of this Tariff will be entitled to designate External Installed Capacity at the same NYCA Interface with another Control Area, in the same amounts in effect on the effective date of this Tariff. To the extent such External Installed Capacity corresponds to Existing Transmission Capacity for Native Load as reflected in Table 3 of Attachment L to the ISO OATT, these External Installed Capacity rights will continue without term and shall be allocated to the LSE's retail access customers in accordance with the LSE's retail access program on file with the PSC and subject to any necessary filings with the Commission. External Installed Capacity rights existing as of September 17, 1999 that do not correspond to Table 3 of Attachment L to the ISO OATT shall survive for the term of the relevant External Installed Capacity contract or until the relevant External Generator is retired.

5.12.2.3 One-Time Conversion of Grandfathered Quebec (via Chateauguay) Interface Rights.

An entity can request to convert a specified number of MW, up to 1090 MW over the Quebec External Interface (via Chateauguay), into External CRIS Rights by making either a Contract Commitment or Non-Contract Commitment that satisfies the requirements of Section 40.13.11.1 of Attachment HH to the ISO OATT. The converted number of MW will not be subject to further evaluation for deliverability within a Cluster Study Deliverability Study under Attachment HH to the ISO OATT, as long as the External CRIS Rights are in effect.

5.12.2.3.1 The External CRIS Rights awarded under this conversion process will first become effective for the 2010-2011 Winter Capability Period.

5.12.2.3.2 Requests to convert these grandfathered rights must be received by the NYISO on or before 5:00 pm Eastern Time on February 1, 2010, with the following information: (a) a statement that the entity is electing to convert by satisfying the requirements of a Contract Commitment or a Non-Contract Commitment in accordance with Section 40.13.11.1 of Attachment HH to the ISO OATT; (b) the length of the commitment in years; (c) for the Summer Capability Period, the requested number of MW; (d) for the Winter Capability Period, the Specified Winter Months, if any, and the requested number of MW; and (e) a minimum number of MW the entity will accept if granted ("Specified Minimum") for the Summer Capability Period and for all Specified Winter Months, if any.

5.12.2.3.3 An entity cannot submit one or more requests to convert in the aggregate more than 1090 MW in any single month.

5.12.2.3.4 If requests to convert that satisfy all other requirements stated herein are equal to or less than the 1090 MW limit, all requesting entities will be awarded

the requested number of MW of External CRIS Rights. If conversion requests exceed the 1090 MW limit, the NYISO will prorate the allocation based on the weighted average of the requested MW times the length of the contract/commitment (*i.e.*, number of Summer Capability Periods) in accordance with the following formula:

$$Rights\ allocated\ to\ entity\ i = 1090 * (MW_i * contract/commitment\ length_i) / \sum_j (MW_j * contract/commitment\ length_j)$$

j = l,…# entities requesting import rights

In the formula, contract/commitment length means the lesser of the requested contract/commitment length and twenty (20) years. The NYISO will perform separate calculations for the Summer and Winter Capability Periods. The NYISO will determine whether the prorated allocated number of MW for any requesting entity is less than the entity's Specified Minimum. If any allocation is less, the NYISO will remove such request(s) and recalculate the prorated allocations among the remaining requesting entities using the above formula. This process will continue until the prorated allocation meets or exceeds the specified minimum for all remaining requests.

5.12.2.3.5 Any portion of the previously grandfathered 1090 MW not converted through this process will no longer be grandfathered from deliverability. Previously grandfathered rights converted to External CRIS Rights but then terminated will no longer be grandfathered from deliverability.

5.12.2.4 Offer Cap Applicable to Certain External CRIS Rights

Notwithstanding any other capacity mitigation measures or obligations that may apply, the offers of External Installed Capacity submitted pursuant to a Non-Contract Commitment, as described in Section 40.13.11.1.2 of Attachment HH of the ISO OATT, will be subject to an offer cap in each month of the Summer Capability Period and for all Specified Winter Months. This offer cap will be determined as the higher of:

5.12.2.4.1 1.1 times the price corresponding to all available Unforced Capacity determined from the NYCA ICAP Demand Curve for that Period; and

5.12.2.4.2 The most recent auction clearing price (a) in the External market supplying the External Installed Capacity, if any, and if none, then the most recent auction clearing price in an External market to which the capacity may be wheeled, less (b) any transmission reservation costs in the External market associated with providing the Installed Capacity, in accordance with ISO Procedures.

5.12.3 Installed Capacity Supplier Outage Scheduling Requirements

All Installed Capacity Suppliers, except for Control Area System Resources and Responsible Interface Parties, that intend to supply Unforced Capacity to the NYCA shall submit a confidential notification to the ISO of their proposed outage schedules in accordance with the ISO Procedures. Transmission Owners will be notified of these and subsequently revised outage schedules. Based upon a reliability assessment, if Operating Reserve deficiencies are projected to occur in certain weeks for the upcoming calendar year, the ISO will request voluntary rescheduling of outages. In the case of Installed Capacity Suppliers actually supplying Unforced Capacity to the NYCA, if voluntary rescheduling is ineffective, the ISO will invoke forced

rescheduling of their outages to ensure that projected Operating Reserves over the upcoming year are adequate.

An Installed Capacity Supplier that refuses a forced rescheduling of its outages for any unit shall be prevented from supplying Unforced Capacity in the NYCA with that unit during any month where it undertakes such outages. The rescheduling process is described in the ISO Procedures.

An Installed Capacity Supplier that intends to supply Unforced Capacity in a given month that did not qualify as an Installed Capacity Supplier prior to the beginning of the Capability Period must notify the ISO in accordance with the ISO Procedures so that it may be subject to forced rescheduling of its proposed outages in order to qualify as an Installed Capacity Supplier. A Resource that refuses the ISO's forced rescheduling of its proposed outages shall not qualify as an Installed Capacity Supplier for that unit for any month during which it schedules or conducts an outage.

Outage schedules for External System Resources and Control Area System Resources shall be coordinated by the External Control Area and the ISO in accordance with the ISO Procedures.

5.12.4 Required Certification for Installed Capacity

(a) Each Installed Capacity Supplier must confirm to the ISO, in accordance with ISO Procedures that the Unforced Capacity it has certified has not been sold for use in an External Control Area.

(b) Each Installed Capacity Supplier holding rights to UDRs or EDRs from an External Control Area must confirm to the ISO, in accordance with ISO Procedures, that it will not use as self-supply or offer, and has not sold, Installed

Capacity associated with the quantity of MW for which it has not made its one time capability adjustment year election pursuant to Section 5.11.4 (if applicable.).

(c) On and after the execution of an RMR Agreement, and for the duration of its term, an RMR Generator shall not enter into any new agreement or extend any other agreement that impairs or otherwise diminishes its ability to comply with its obligation under an RMR Agreement, or that limits its ability to provide Energy, Capacity, or Ancillary Services directly to the ISO Administered Markets. An Interim Service Provider that is required to keep its generating unit(s) in service shall not enter into any new agreement or extend any other agreement that limits its ability to provide Energy, Capacity, or Ancillary Services directly to the ISO Administered Markets or otherwise meet its obligations as an Interim Service Provider.

5.12.5 Operating Data Reporting Requirements

To qualify as Installed Capacity Suppliers in the NYCA, Resources shall submit to the ISO Operating Data in accordance with this Section 5.12.5 and the ISO Procedures. Resources that do not submit Operating Data in accordance with the following subsections and the ISO Procedures may be subject to the sanctions provided in Section 5.12.12.1 of this Tariff.

Resources that were not in operation on January 1, 2000 shall submit Operating Data to the ISO no later than one month after such Resources commence commercial operation, and in accordance with the ISO Procedures and the following subsections as applicable.

5.12.5.1 Generators, System Resources, Energy Limited Resources, Energy Storage Resources, Responsible Interface Parties, Intermittent Power

Resources, Limited Control Run-of-River Hydro Resources Municipally Owned Generation and Distributed Energy Resources

To qualify as Installed Capacity Suppliers in the NYCA, Generators, External Generators, System Resources, External System Resources, Energy Limited Resources, Responsible Interface Parties, Intermittent Power Resources, Limited Control Run-of-River Hydro Resources, Energy Storage Resources, and municipally owned generation and Distributed Energy Resources or the purchasers of Unforced Capacity associated with those Resources shall submit GADS Data, data equivalent to GADS Data, and/or other Operating Data to the ISO in accordance with the ISO Procedures. Prior to the successful implementation of a software modification that allows gas turbines to submit multiple bid points, these units shall not be considered to be forced out for any hours that the unit was available at its base load capability in accordance with the ISO Procedures. This section shall also apply to any Installed Capacity Supplier, External or Internal, using UDRs to meet Locational Minimum Installed Capacity Requirements.

5.12.5.2 Control Area System Resources

To qualify as Installed Capacity Suppliers in the NYCA, Control Area System Resources, or the purchasers of Unforced Capacity associated with those Resources, shall submit CARL Data and actual system failure occurrences data to the ISO each month in accordance with the ISO Procedures.

5.12.5.3 Transmission Projects Granted Unforced Capacity Deliverability Rights

An owner of a transmission project that receives UDRs must, among other obligations, submit outage data or other operational information in accordance with the ISO procedures to allow the ISO to determine the number of UDRs associated with the transmission facility.

5.12.5.4 Transmission Projects Granted External-to ROS Deliverability Rights

An owner of a transmission project that receives EDRs must, among other obligations, submit outage data or other operational information when determined applicable by the ISO and in accordance with ISO Procedures.

5.12.5.5 Co-located Storage Resources

Generators that are Co-located Storage Resources must each, individually, comply with the requirements of Section 5.12.5.1 of this Services Tariff. Generators that are Co-located Storage Resources must submit outage data or other operational information in accordance with ISO Procedures that will allow the ISO to validate the CSR Scheduling Limits associated with the Co-located Storage Resources. CSR Scheduling Limits will be incorporated into each CSR Generator's UCAP calculation (*see* Services Tariff Section 5.12.6.2).

5.12.6 Capacity Calculations, Operating Data Default, Value and Collection

5.12.6.1 ICAP Calculation for Behind-the-Meter Net Generation Resources

The ISO shall calculate the amount of Net-ICAP for each Behind-the-Meter Net Generation Resource as the Adjusted DMGC of the Generator of the Behind-the-Meter Net Generation Resource minus the Resource's Adjusted Host Load in accordance with this Tariff and ISO Procedures.

5.12.6.1.1 Adjusted DMGC

The ISO's calculation of the Adjusted DMGC of a Behind-the-Meter Net Generation Resource shall be the least of: (i) its DMGC for the Capability Period; (ii) its Adjusted Host Load plus its applicable Injection Limit; and (iii) its Adjusted Host Load plus the number of MW of CRIS it has obtained, as determined in accordance with OATT Section 40 (OATT Attachment HH) and ISO Procedures.

If the Station Power of a Behind-the-Meter Net Generation Resource is separately metered from all other Load of the Resource, such that the Station Power Load can be independently measured and verified, the Generator of a Behind-the-Meter Net Generation Resource may elect to perform a DMNC Test instead of a DMGC Test pursuant to ISO Procedures. Such election must be made in writing to the ISO prior to the start of the DMNC Test Period.

If a Behind-the-Meter Net Generation Resource elects to take a DMNC Test, the Station Power measured during such DMNC Test shall not be included in the Resource's Host Load. A Behind-the-Meter Net Generation Resource's DMNC value for the Capability Period shall be used in lieu of a DMGC value in the calculation of the Resource's Adjusted DMGC for the purposes of Sections 5.12.6.1 and 5.12.6.2 of this Services Tariff.

5.12.6.1.2 Adjusted Host Load

A Behind-the-Meter Net Generation Resource's Adjusted Host Load shall be equal to the product of the Average Coincident Host Load multiplied by one plus the Installed Reserve Margin.

The Adjusted Host Load shall be calculated by the ISO on an annual basis prior to the start of the Summer Capability Period and in accordance with ISO Procedures, based upon the Behind-the-Meter Net Generation Resource's Average Coincident Host Load for the prior Summer Capability Period and the Winter Capability Period before that.

5.12.6.1.2.1 Average Coincident Host Load

The ISO must receive the Behind-the-Meter Net Generation Resource's applicable metered Load data required to calculate an Average Coincident Host Load in accordance with ISO Procedures. The ISO shall compute the Average Coincident Host Load for each Capability

Year (i) using the metered Host Load data for the applicable NYCA peak Load hours, except as provided below in this Section, and (ii) adjusted for weather normalization and Load growth as determined by the ISO in relation to developing the NYCA Minimum Installed Capacity Requirement in accordance with ISO Procedures.

For each Capability Year, the NYISO shall use the average of the highest twenty (20) one-hour peak Loads of the Host Load of the Behind-the-Meter Net Generation Resource that occur during the top forty (40) NYCA peak Load hours of the prior Summer Capability Period and the Winter Capability Period before that to calculate the Average Coincident Host Load.

If a facility meets the criteria to be, and has not previously been, a Behind-the-Meter Net Generation Resource, but does not have all of the appropriate meter data, its Average Coincident Host Load shall be a value forecasted by the Behind-the-Meter Net Generation Resource. The Behind-the-Meter Net Generation Resource's forecast shall be based on actual meter data, or if not available, billing data or other business data of the Host Load. An estimated Average Coincident Host Load can only be applicable to a Behind-the-Meter Net Generation Resource until actual data becomes available, but in any event no longer than three (3) consecutive Capability Years beginning with the Capability Year it is first an Installed Capacity Supplier.

5.12.6.1.2.2 Determination of Adjusted Host Load

After the ISO has calculated a Behind-the-Meter Net Generation Resource's Average Coincident Host Load, it shall then apply the NYCA Installed Reserve Margin. The Behind-the-Meter Net Generation Resource's Adjusted Host Load will be established by multiplying the Resource's Average Coincident Host Load for the Capability Year by the quantity of one plus the NYCA Installed Reserve Margin.

5.12.6.2 UCAP Calculations

The ISO shall calculate for each Resource the amount of Unforced Capacity that each Installed Capacity Supplier is qualified to supply in the NYCA in accordance with formulae provided in the ISO Procedures. A Resource's Unforced Capacity will be the applicable Adjusted Installed Capacity multiplied by the quantity of 1 minus the Resource's derating factor.

The amount of Unforced Capacity that each Generator, except for the Generator of a Behind-the-Meter Net Generation Resource, System Resource, Energy Limited Resource, Special Case Resource, and municipally-owned generation is authorized to supply in the NYCA shall be based on the ISO's calculations of individual Equivalent Demand Forced Outage Rates. The amount of Unforced Capacity that each Energy Storage Resource, Aggregation that is comprised entirely of Energy Storage Resources, and DER Aggregation is authorized to supply in the NYCA shall be based on the individual availability of the Energy Storage Resource or the availability of the Aggregation in the Real-Time Market and calculated by the ISO in accordance with ISO Procedures. Except as provided in Section 5.12.6.2.1 of this Services Tariff, this calculation shall not include hours in any month that the Energy Storage Resource or Aggregation was in an outage state that started on or after May 1, 2015 and that precluded its eligibility to participate in the Installed Capacity market. The amount of Unforced Capacity that an Energy Storage Resource that is participating as a part of a Co-located Storage Resource is authorized to supply in the NYCA shall account for reductions to the CSR Scheduling Limits, or the unavailability of the associated facilities, in accordance with ISO Procedures.

The amount of Unforced Capacity that each Control Area System Resource is authorized to supply in the NYCA shall be based on the ISO's calculation of each Control Area System Resource's availability. The amount of Unforced Capacity that each Intermittent Power Resource or an Aggregation that is entirely comprised of Intermittent Power Resources that

depend on the same type of fuel is authorized to supply in the NYCA shall be based on the ISO's calculation of the amount of capacity that the Intermittent Power Resource or an Aggregation that is entirely comprised of Intermittent Power Resources that depend on the same type of fuel can reliably provide during system peak Load hours in accordance with ISO Procedures.

Starting with the Capability Year beginning May 1, 2021 and continuing until the Capability Year that begins in May 2024, this calculation will be weighted according to the respective Peak Load Window weighting factors provided in the table below. Separate Summer and Winter Peak Load Windows are applicable based on the penetration of duration limited resources in Section 5.12.14.

	Summer Peak Load Window		Winter Peak Load Window	
Hour Beginning	6 Hour	8 Hour	6 Hour	8 Hour
12		5.00%		
13	12.50%	10.00%		
14	18.75%	17.50%		5.00%
15	18.75%	17.50%		5.00%
16	18.75%	17.50%	18.75%	17.50%
17	18.75%	17.50%	18.75%	17.50%
18	12.50%	10.00%	18.75%	17.50%
19		5.00%	18.75%	17.50%
20			12.50%	10.00%
21			12.50%	10.00%

Except as provided in Section 5.12.6.2.1 of this Services Tariff, this calculation shall not include hours in any month that the Intermittent Power Resource or an Aggregation that is entirely comprised of Intermittent Power Resources that depend on the same type of fuel was in an outage state that started on or after May 1, 2015 and that precluded its eligibility to participate in the Installed Capacity market.

The amount of Unforced Capacity that an Intermittent Power Resource that is participating as part of a Co-located Storage Resource is authorized to supply in the NYCA shall account for reductions to the CSR Scheduling Limits, or the unavailability of the associated facilities, in accordance with ISO Procedures.

Until the Capability Year that begins in May 2024, the amount of Unforced Capacity that each Limited Control Run-of-River Hydro Resource is authorized to provide in the NYCA shall be determined separately for Summer and Winter Capability Periods as the rolling average of the hourly net Energy provided by each such Resource during the 20 highest NYCA integrated real-time load hours in each of the five previous Summer or Winter Capability Periods, as appropriate, stated in megawatts. Except as provided in Section 5.12.6.2.1 of this Services Tariff, for a Limited Control Run-of-River Hydro Resource in an outage state that started on or after May 1, 2015 and that precluded its eligibility to participate in the Installed Capacity market during one of the 20 highest NYCA integrated real-time load hours in any one of the five previous Summer or Winter Capability Periods, the ISO shall replace that Winter or Summer Capability Period, as appropriate, with the next most recent Winter or Summer Capability Period such that the rolling average of the hourly net Energy provided by each such Resource shall be calculated from the 20 highest NYCA integrated real-time load hours in the five most recent prior Summer or Winter Capability Periods in which the Resource was not in an outage state that precluded its eligibility to participate in the Installed Capacity market on one of the 20 highest NYCA integrated real-time load hours in that Capability Period.

Prior to Capability Year beginning May 1, 2021, the ISO shall calculate separate Summer and Winter Capability Period Unforced Capacity values for each Generator, System Resource, Special Case Resource, Energy Limited Resource, and municipally owned generation and update

them periodically using a twelve-month calculation. Starting with the Capability Year beginning May 1, 2021, the ISO shall calculate separate Summer and Winter Capability Period Unforced Capacity values for each Special Case Resource and update them periodically using a twelve-month calculation in accordance with ISO Procedures. Starting with the Capability Year beginning May 1, 2021, the calculation for each Generator, System Resource, Energy Limited Resource, and municipally owned generation will use the months comprising the two most recent like Capability Periods in accordance with formulae provided in the ISO Procedures; provided, however, except as provided in Section 5.12.6.2.1 of this Services Tariff, for a Generator in an outage state that started on or after May 1, 2015 and that precluded its eligibility to participate in the Installed Capacity market at any time during any month from which GADS or other operating data would otherwise be used to calculate an individual Equivalent Demand Forced Outage Rate, the ISO shall replace such month's GADS or other operating data with GADS or other operating data from the most recent like month in which the Generator was not in an outage state that precluded its eligibility to participate in the Installed Capacity market.

The ISO shall calculate separate Summer and Winter Capability Period Unforced Capacity values for Energy Storage Resources and individual Distributed Energy Resources and update them seasonally as described in ISO Procedures.

The ISO shall calculate separate Summer and Winter Capability Period Unforced Capacity values for Intermittent Power Resources and update them seasonally as described in ISO Procedures.

The amount of Unforced Capacity that each Behind-the-Meter Net Generation Resource is authorized to supply in the NYCA shall be its Net-UCAP. Net-UCAP is the lesser of (i) the ISO's calculation of the Generator of the Behind-the-Meter Net Generation Resource Adjusted

DMGC multiplied by one minus its Equivalent Demand Forced Outage Rate, and then decreased by its Adjusted Host Load translated into Unforced Capacity terms consistent with Section 5.11.1 of this Tariff, and (ii) the Resource's Net-ICAP.

5.12.6.2.1 Exceptions

A Resource returning to the Energy market after taking an outage that precluded its participation in the Installed Capacity market and which returns with modifications to its operating characteristics determined by the ISO to be material and which, therefore, requires the submission of a new Interconnection Request will receive, as the initial derating factor for calculation of the Resource's Unforced Capacity upon its return to service, the derating factor it would have received as a newly connecting unit in lieu of a derating factor developed from unit-specific data. A Resource returning to the Energy market after taking an outage that precluded its participation in the Installed Capacity market and which, upon its return, uses as its primary fuel a fuel not previously used at the facility for any purpose other than for ignition purposes will receive, as the initial derating factor for calculation of the Resource's Unforced Capacity upon its return to service, the default derating factor in lieu of a derating factor developed from unit-specific data even if the modifications to allow use of a new primary fuel are not material and do not require the submission of a new Interconnection Request.

This Section 5.12.6.2.1 shall apply to a Resource returning to the Energy market after taking an outage that started on or after May 1, 2015 and that precluded its participation in the Installed Capacity market.

5.12.6.2.2 UCAP Adjustment for Partial Firm Units

Starting with the Capability Year beginning May 1, 2025, Installed Capacity Suppliers may receive a Capacity Accreditation Factor comprising multiple Capacity Accreditation Factors

derived from multiple corresponding Capacity Accreditation Resource Classes calculated as a MW weighted average of the different levels of firm fuel supply for each portion that satisfies the requirements and characteristics of the respective Capacity Accreditation Resource Class.

5.12.6.3 Default Unforced Capacity

In its calculation of Unforced Capacity, the ISO shall deem a Resource to be completely forced out for each month for which the Resource has not submitted its Operating Data in accordance with Section 5.12.5 of this Tariff and the ISO Procedures. A Resource that has been deemed completely forced out for a particular month may submit new Operating Data, for that month, to the ISO at any time. The ISO will use such new Operating Data when calculating, in a timely manner in accordance with the ISO Procedures, an Unforced Capacity value for the Resource.

Upon a showing of extraordinary circumstances, the ISO retains the discretion to accept at any time Operating Data which have not been submitted in a timely manner, or which do not fully conform with the ISO Procedures.

5.12.6.4 Exception for Certain Equipment Failures

When a Generator, Special Case Resource, Energy Limited Resource, or System Resource is forced into an outage by an equipment failure that involves equipment located on the high voltage side of the electric network beyond the step-up transformer, and including such step-up transformer, the outage will not be counted for purposes of calculating that Resource's Equivalent Demand Forced Outage Rate.

5.12.6.5 Unforced Capacity, Outage Data and Operational Information Associated with External-to-ROS Deliverability Rights

The ISO shall calculate the availability of the External interface associated with each project granted EDRs, in accordance with ISO Procedures. The availability factor (percentage) of the interface will be used to reduce the amount of EDRs for which Unforced Capacity may be offered. This calculation is distinct from and in addition to the calculation the ISO performs for each Installed Capacity Resource qualified for use with EDRs.

5.12.7 Availability Requirements

Subsequent to qualifying, each Installed Capacity Supplier shall, except as noted in Sections 5.12.1 and 5.12.11 of this Tariff, on a daily basis: (i) schedule a Bilateral Transaction; (ii) Bid Energy in each hour of the Day-Ahead Market in accordance with the requirements set forth in this Section 5.12.7~~in accordance with the applicable provisions of Section 5.12.1 of this Tariff~~; or (iii) notify the ISO of any outages.

Until the Capability Year that begins in May 2024, Installed Capacity Suppliers with Energy Duration Limitations corresponding to a Duration Adjustment Factor, as described in Section 5.12.14 below, must on a daily basis during the Peak Load Window and for the number of consecutive hours that correspond to its Energy Duration Limitation, or for the entirety of the Peak Load Window for an Energy Storage Resource or an Aggregation comprised entirely of Energy Storage Resources: (i) schedule a Bilateral Transaction; (ii) Bid Energy in the Day-Ahead Market in accordance with the applicable provisions of Section 5.12.1 of this Tariff; or (iii) notify the ISO of any outages.

Starting with the Capability Year that begins in May 2024, Installed Capacity Suppliers with Energy Duration Limitations less than or equal in length to the number of hours comprising the applicable Peak Load Window, must on a daily basis during the Peak Load Window and for

at least the number of consecutive hours that correspond to its Energy Duration Limitation, or for the entirety of the Peak Load Window for an Energy Storage Resource: (i) schedule a Bilateral Transaction; (ii) Bid Energy in the Day-Ahead Market in accordance with the applicable provisions of Section 5.12.1 of this Tariff; or (iii) notify the ISO of any outages. Installed Capacity Suppliers with Energy Duration Limitations greater in length than the number of hours comprising the Peak Load Window, must on a daily basis during the entirety of the applicable Peak Load Window and for additional hours immediately preceding and following the Peak Load Window covering the remaining hours of the Installed Capacity Supplier's Energy Duration Limitation that are not captured in the Peak Load Window, as specified in ISO Procedures: (i) schedule a Bilateral Transaction; (ii) Bid Energy in the Day-Ahead Market in accordance with the applicable provisions of Section 5.12.1 of this Tariff; or (iii) notify the ISO of any outages.

The ISO may adjust the Peak Load Window that Installed Capacity Suppliers with Energy Duration Limitations will be responsible for scheduling, bidding, or notifying for, with scheduling or bidding in hours outside the Peak Load Window in Section 5.12.14. An RMR Generator can only schedule a Bilateral Transaction to the extent expressly authorized in its RMR Agreement.

Prior to the Capability Year beginning May 1, 2025, ~~T~~the total amount of Energy that an Installed Capacity Supplier subject to this Section 5.12.7- schedules, bids, or declares to be unavailable on a given day must equal or exceed the Installed Capacity Equivalent of the Unforced Capacity it supplies. Starting with the Capability Year beginning May 1, 2025, and except as expressly provided under Section 5.12.7.2, the total amount of Energy that an Installed Capacity Supplier schedules, Bids at a Normal Upper Operating Limit, or declares to be

unavailable on a given day must equal or exceed the Installed Capacity Equivalent of the Unforced Capacity it supplies.

For Energy Storage Resources without an Energy Duration Limitation, the total amount of Energy that is scheduled, Bid, or declared to be unavailable shall also include the maximum of the Energy Storage Resource's (i) negative Installed Capacity Equivalent, or (ii) Lower Operating Limit, such that amount scheduled, Bid, or declared to be unavailable reflects the entire withdrawal to injection operating range. Until the Capability Year that begins in May 2024, Energy Storage Resources with an Energy Duration Limitation must, on a daily basis, and for each hour outside of the Peak Load Window: (i) Bid in the Day-Ahead Market in accordance with the applicable provisions of Section 5.12.1 of this Tariff; or (ii) notify the ISO of any outages, the maximum of the Energy Storage Resource's (a) negative Installed Capacity Equivalent, or (b) Lower Operating Limit. The amount scheduled, Bid, and/or declared to be unavailable must reflect the Energy Storage Resource's entire withdrawal operating range.

Starting with the Capability Year that begins in May 2024, Energy Storage Resources with an Energy Duration Limitation less than or equal in length to the number of hours comprising the applicable Peak Load Window must, on a daily basis, and for each hour beyond the Peak Load Window: (i) Bid in the Day-Ahead Market in accordance with the applicable provisions of Section 5.12.1 of this Tariff; or (ii) notify the ISO of any outages, the maximum of the Energy Storage Resource's (a) negative Installed Capacity Equivalent, or (b) Lower Operating Limit. Energy Storage Resources with an Energy Duration Limitation greater in length than the number of hours comprising the applicable Peak Load Window must, on a daily basis, and for each hour beyond the hours that the Energy Storage Resources must schedule, bid, or declare to be unavailable in accordance with paragraph three of Section 5.12.7 of this Tariff: (i)

Bid in the Day-Ahead Market in accordance with the applicable provisions of Section 5.12.1 of this Tariff; or (ii) notify the ISO of any outages, the maximum of the Energy Storage Resource's (a) negative Installed Capacity Equivalent, or (b) Lower Operating Limit. The amount scheduled, Bid, and/or declared to be unavailable must reflect the Energy Storage Resource's entire withdrawal operating range.

5.12.7.1 Co-located Storage Resource Availability Requirements

In addition to independently satisfying the requirements of Section 5.12.7 for each Generator that participates in a Co-located Storage Resource, each Installed Capacity Supplier must, on a daily basis, and for each hour of the Day-Ahead Market Day: (i) provide a CSR injection Scheduling Limit; and (ii) notify the ISO of any derate or outage to the interconnection facilities comprising the point of interconnection. The sum of the CSR injection Scheduling Limit and the derate or outage must equal or exceed the sum of the Installed Capacity Equivalent of the Unforced Capacity supplied by the Intermittent Power Resource and the applicable Section 5.12.7 hourly Bid, Schedule, or Notify obligation of the Energy Storage Resource. Each Installed Capacity Supplier must also on a daily basis, and for each hour of the Day-Ahead Market Day: (i) provide a CSR withdrawal Scheduling Limit; and (ii) notify the ISO of any derate or outage to the interconnection facilities comprising the point of interconnection. The sum of the CSR withdrawal Scheduling Limit and the derate or outage must equal or exceed the Energy Storage Resource's applicable 5.12.7 hourly Bid, Schedule, or Notify obligation.

5.12.7.2 Upper Operating Limit Bidding Exemptions

An Installed Capacity Supplier's Day Ahead Market Bid is not required to include a Normal Upper Operating Limit as set forth in Section 5.12.7 if it meets one of the following two limited circumstances:

5.12.7.2.1 Bids for Combined Cycle Generators qualified to sell Operating Reserves using Duct-Firing technology shall include either an Emergency Upper Operating Limit or a Normal Upper Operating Limit at a level equal to or greater than its Installed Capacity Equivalent of Unforced Capacity supplied. If the Normal Upper Operating Limit is less than the unit's Installed Capacity Equivalent of Unforced Capacity supplied, then the difference between the Emergency Upper Operating Limit and Normal Upper Operating Limit shall not exceed the increase in the unit's maximum output level that results from the operation of duct burners.

5.12.7.2.2 Bids for block-loaded Combustion Turbine Generators with Peak-Firing capability shall include either an Emergency Upper Operating Limit or a Normal Upper Operating Limit at a level equal to or greater than its Installed Capacity Equivalent of Unforced Capacity supplied. If the Normal Upper Operating Limit is less than the unit's Installed Capacity Equivalent of Unforced Capacity supplied, then the difference between the Emergency Upper Operating Limit and Normal Upper Operating Limit shall not exceed the increase in the unit's maximum output level that results from operating the resource in peak-firing mode.

5.12.8 Unforced Capacity Sales

Each Installed Capacity Supplier will, after satisfying the deliverability requirements set forth in the applicable provisions of Attachments S, X, Z, or HH to the ISO OATT, be authorized to supply an amount of Unforced Capacity during each Obligation Procurement Period, based on

separate seasonal Unforced Capacity calculations performed by the ISO for the Summer and Winter Capability Periods. Unforced Capacity may be sold in six-month strips, or in monthly, or multi-monthly segments.

External Unforced Capacity (except External Installed Capacity associated with UDRs) may only be offered into Capability Period Auctions or Monthly Auctions for the Rest of State, and ICAP Spot Market Auctions for the NYCA, and may not be offered into a Locality for an ICAP Auction. Bilateral Transactions which certify External Unforced Capacity using Import Rights, EDRs, or External CRIS Rights may not be used to satisfy a Locational Minimum Unforced Capacity Requirement.

UCAP from an RMR Generator may only be offered into the ICAP Spot Market Auction, except and only to the extent that the RMR Agreement expressly permits the RMR Generator's UCAP to be certified in a Bilateral Transaction.

If an Energy Limited Resource's, Generator's, System Resource's, Control Area System Resource's, or Aggregation's DMNC rating, or the DMGC rating of a Generator of a Behind-the-Meter Net Generation Resource, if applicable, is determined to have increased during an Obligation Procurement Period, pursuant to testing procedures described in the ISO Procedures, the amount of Unforced Capacity that it shall be authorized to supply in that or future Obligation Procurement Periods shall also be increased on a prospective basis in accordance with the schedule set forth in the ISO Procedures provided that it first has satisfied the deliverability requirements set forth in the applicable provisions of Attachments S, X, Z, or HH to the ISO OATT.

New Resources and Resources that have increased their Capacity since the previous Summer Capability Period due to changes in their generating equipment and/or Demand

Reduction capabilities may, after satisfying the deliverability requirements set forth in the applicable provisions of Attachments S, X, Z or HH to the ISO OATT, qualify to supply Unforced Capacity on a foregoing basis during the Summer Capability Period based upon a DMNC test, or the DMGC test of a Resource of a Behind-the-Meter Net Generation Resource, that is performed and reported to the ISO after March 1 and prior to the beginning of the Summer Capability Period DMNC Test Period. The Resource will be required to verify the claimed DMNC or DMGC rating by performing an additional test during the Summer DMNC Test Period. Any shortfall between the amount of Unforced Capacity supplied by the Resource for the Summer Capability Period and the amount verified during the Summer DMNC Test Period will be subject to deficiency charges pursuant to Section 5.14.2 of this Tariff. The deficiency charges will be applied to no more than the difference between the Resource's previous Summer Capability Period Unforced Capacity and the amount of Unforced Capacity equivalent the Resource supplied for the Summer Capability Period.

New Resources and Resources that have increased their Capacity since the previous Winter Capability Period due to changes in their generating equipment and/or Demand Reduction capabilities may, after satisfying the deliverability requirements set forth in the applicable provisions of Attachments S, X, Z or HH to the ISO OATT, qualify to supply Unforced Capacity on a foregoing basis during the Winter Capability Period based upon a DMNC test, or the DMGC test of a Resource of a Behind-the-Meter Net Generation Resource, that is performed and reported to the ISO after September 1 and prior to the beginning of the Winter Capability Period DMNC Test Period. The Resource will be required to verify the claimed DMNC or DMGC rating by performing an additional test during the Winter Capability Period DMNC Test Period. Any shortfall between the amount of Unforced Capacity certified by

the Resource for the Winter Capability Period and the amount verified during the Winter Capability Period DMNC Test Period will be subject to deficiency charges pursuant to Section 5.14.2 of this Tariff. The deficiency charges will be applied to no more than the difference between the Resource's previous Winter Capability Period Unforced Capacity and the amount of Unforced Capacity equivalent the Resource supplied for the Winter Capability Period.

Starting with the Capability Period beginning May 1, 2025, Installed Capacity Suppliers that are dual fuel units electing to demonstrate firm fuel capability via the use of their alternate fuel will be required to demonstrate operability prior to December 1 of the Winter Capability Period in the subject Capability Year. Pursuant to ISO Procedures, Installed Capacity Suppliers will be required to demonstrate operability by submitting to the ISO two separate tests. The first test shall be a DMNC test on their primary fuel. The second test shall be performed using the unit's alternate fuel. The alternate fuel test must demonstrate the unit's maximum output using the alternative fuel for at least one (1) hour.

Installed Capacity Suppliers electing to demonstrate firm fuel capability based on partial satisfaction of alternate fuel requirements will be subject to the testing requirements described in this Section 5.12.8 and will have their Installed Capacity value set by the maximum of the two test values. Any MW difference between the two test values will be treated as non-firm if a Capacity Accreditation Factor is calculated as a MW-weighted average of two Capacity Accreditation Factors.

Any Installed Capacity Supplier, except as noted in Section 5.12.11 of this ISO Services Tariff, which fails on a daily basis to schedule, Bid, or declare to be unavailable in the Day-Ahead Market an amount of Unforced Capacity, expressed in terms of Installed Capacity Equivalent, that it certified for that day, rounded down to the nearest 0.1 MW, or rounded down

to the nearest whole MW for an External Installed Capacity Supplier, is subject to sanctions pursuant to Section 5.12.12.2 of this Tariff. If an entity other than the owner of an Energy Limited Resource, Generator, System Resource, Behind-the-Meter Net Generation Resource, Control Area System Resource, or Aggregation that is providing Unforced Capacity is responsible for fulfilling bidding, scheduling, and notification requirements, the owner and that entity must designate to the ISO which of them will be responsible for complying with the scheduling, bidding, and notification requirements. The designated bidding and scheduling entity shall be subject to sanctions pursuant to Section 5.12.12.2 of this ISO Services Tariff.

5.12.9 Sales of Unforced Capacity by System Resources

Installed Capacity Suppliers offering to supply Unforced Capacity associated with Internal System Resources shall submit for each of their Resources the Operating Data and DMNC testing data or historical data described in Sections 5.12.1 and 5.12.5 of this ISO Services Tariff in accordance with the ISO Procedures. Such Installed Capacity Suppliers will be allowed to supply the amount of Unforced Capacity that the ISO determines pursuant to the ISO Procedures to reflect the appropriate Equivalent Demand Forced Outage Rate. Installed Capacity Suppliers offering to sell the Unforced Capacity associated with System Resources may only aggregate Resources in accordance with the ISO Procedures.

5.12.10 Curtailment of External Transactions In-Hour

All Unforced Capacity that is not out of service, or scheduled to serve the Internal NYCA Load in the Day-Ahead Market may be scheduled to supply Energy for use in External Transactions provided, however, that such External Transactions shall be subject to Curtailment within the hour, consistent with ISO Procedures. Such Curtailment shall not exceed the Installed Capacity Equivalent committed to the NYCA.

5.12.11 Responsible Interface Parties, Municipally-Owned Generation, Energy Limited Resources, Intermittent Power Resources, and Installed Capacity Suppliers with Energy Duration Limitations

5.12.11.1 Responsible Interface Parties

Responsible Interface Parties may qualify as Installed Capacity Suppliers, without having to comply with the daily bidding, scheduling, and notification requirements set forth in Section 5.12.7 of this Tariff, if their Special Case Resources are available to operate at the direction of the ISO in order to reduce Load from the NYS Transmission System and/or the distribution system for a minimum of four (4) consecutive hours each day, following notice of the potential need to operate twenty-one (21) hours in advance if notification is provided by 3:00 P.M. ET, or twenty-four (24) hours in advance otherwise, and a notification to operate two (2) hours ahead. Special Case Resources will be considered to have a four (4) hour Energy Duration Limitation to align with their obligation. In order for a Responsible Interface Party to enroll an SCR that uses an eligible Local Generator, any amount of generation that can reduce Load from the NYS Transmission System and/or distribution system at the direction of the ISO that was produced by the Local Generator during the hour coincident with the NYCA or Locality peaks, upon which the LSE Unforced Capacity Obligation of the LSE that serves that SCR is based, must be accounted for when the LSE's Unforced Capacity Obligation for the upcoming Capability Year is established. Responsible Interface Parties must provide this generator data in accordance with ISO Procedures so that the ISO can adjust upwards the LSE Unforced Capacity Obligation to prevent double-counting.

Responsible Interface Parties supplying Unforced Capacity cannot offer the Demand Reduction associated with such Unforced Capacity in the Emergency Demand Response Program. A Resource with sufficient metering to distinguish MWs of Demand Reduction may participate as a Special Case Resource and in the Emergency Demand Response Program

provided that the same MWs are not committed both as Unforced Capacity and to the Emergency Demand Response Program.

The ISO will have discretion, pursuant to ISO Procedures, to exempt Local Generators that are incapable of starting in two (2) hours from the requirement to operate on two (2) hours notification. Local Generators that can be operated to reduce Load from the NYS Transmission System and/or distribution system at the direction of the ISO and Loads capable of being interrupted upon demand, that are not available on certain hours or days will be derated by the ISO, pursuant to ISO Procedures, to reflect the Load serving equivalence of the hours they are actually available.

Responsible Interface Parties must submit a Minimum Payment Nomination, in accordance with ISO Procedures. The ISO may request Special Case Resource performance from less than the total number of Special Case Resources within the NYCA or a Load Zone in accordance with ISO Procedures.

Special Case Resources with Local Generators that can be operated to reduce Load from the NYS Transmission System and/or distribution system at the direction of the ISO and Special Case Resources with Loads capable of being interrupted upon demand will be required to comply with verification and validation procedures set forth in the ISO Procedures. Such procedures will not require metering other than interval billing meters on customer Load or testing other than DMNC or sustained disconnect, as appropriate, unless agreed to by the customer.

Each Special Case Resource enrolled in a Capability Period shall demonstrate its maximum enrolled megawatt value at least once in the Capability Period via performance in a mandatory event or performance test in accordance with Installed Capacity Manual Section 4.12.

When a Special Case Resource is enrolled in a Capability Period and transitions to become a Distributed Energy Resource within that same Capability Period, it shall demonstrate its maximum enrolled megawatt value via performance in a mandatory event or in a performance test, provided, however, that if no such mandatory event occurs prior to the Special Case Resource becoming a Distributed Energy Resource, the Distributed Energy Resource shall participate in a performance test in accordance with the ISO's Aggregation Manual. Responsible Interface Parties are not eligible to receive Energy payments, as described in this Services Tariff Section 5.12.11.1, for Demand Reductions caused by Distributed Energy Resources performing in a performance test. When a Demand Side Resource that is participating, or has participated, in a DER Aggregation and seeks to become a Special Case Resource, the Resource's Average Coincident Load shall be calculated in accordance with the provisions of Services Tariff Section 5.12.11.1 and its subparts.

Unforced Capacity supplied in a Bilateral Transaction by a Special Case Resource pursuant to this subsection may only be resold if the purchasing entity or the Installed Capacity Marketer has agreed to become a Responsible Interface Party and comply with the ISO notification requirements for Special Case Resources. LSEs and Installed Capacity Marketers may become Responsible Interface Parties and aggregate Special Case Resources and sell the Unforced Capacity associated with them in an ISO-administered auction if they comply with ISO notification requirements for Special Case Resources.

Responsible Interface Parties that were requested to reduce Load in any month shall submit performance data to the NYISO, within 75 days of each called event or test, in accordance with ISO Procedures. Failure by a Responsible Interface Party to submit performance data for any Special Case Resources required to respond to the event or test within

the 75-day limit will result in zero performance attributed to those Special Case Resources for purposes of satisfying the Special Case Resource's capacity obligation as well as for determining energy payments. All performance data are subject to audit by the NYISO and its market monitoring unit. If the ISO determines that it has made an erroneous payment to a Responsible Interface Party, the ISO shall have the right to recover it either by reducing other payments to that Responsible Interface Parties or by resolving the issue pursuant to other provisions of this Services Tariff or other lawful means.

Provided the Responsible Interface Party supplies evidence of such reductions in 75 days, the ISO shall pay the Responsible Interface Party that, through their Special Case Resources, caused a verified Load reduction in response to (i) an ISO request to perform due to a forecast reserve shortage (ii) an ISO declared Major Emergency State, (iii) an ISO request to perform made in response to a request for assistance for Load relief purposes or as a result of a Local Reliability Rule, or (iv) a test called by the ISO, for such Load reduction, in accordance with ISO Procedures. Subject to performance evidence and verification, in the case of a response pursuant to clauses (i), (ii), of (iii) of this subsection, Suppliers that schedule Responsible Interface Parties shall be paid the zonal Real-Time LBMP for the period of requested performance or four (4) hours, whichever is greater, in accordance with ISO Procedures; provided, however, Special Case Resource Capacity shall settle Demand Reductions, in the interval and for the capacity for which Special Case Resource Capacity has been scheduled Day-Ahead to provide Operating Reserves, Regulation Service or Energy, as being provided by a Supplier of Operating Reserves, Regulation Service or Energy.

In the event that a Responsible Interface Party's Minimum Payment Nomination for a Special Case Resource, for the number of hours of requested performance or the minimum four

(4) hour period, whichever is greater, exceeds the LBMP revenue received, the Special Case Resource will be eligible for a Bid Production Cost Guarantee to make up the difference, in accordance with Section 4.23 of this Services Tariff and ISO Procedures; provided, however, the ISO shall set to zero the Minimum Payment Nomination for Special Case Resource Capacity in each interval in which such Capacity was scheduled Day-Ahead to provide Operating Reserves, Regulation Service or Energy. Subject to performance evidence and verification, in the case of a response pursuant to clause (iv) of this subsection, payment for participation in tests called by the ISO shall be equal to the zonal Real Time LBMP for the MWh of Energy reduced within the test period.

Transmission Owners that require assistance from enrolled Special Case Resources with Local Generators larger than 100 kW and Special Case Resources with Loads capable of being interrupted upon demand for Load relief purposes or as a result of a Local Reliability Rule, shall direct their requests for assistance to the ISO for implementation consistent with the terms of this section. Within Load Zone J, participation in response to an ISO request to perform made as a result of a request for assistance from a Transmission Owner for less than the total number of Special Case Resources, for Load relief purposes or as a result of a Local Reliability Rule, in accordance with ISO Procedures, shall be voluntary and the responsiveness of the Special Case Resource shall not be taken into account for performance measurement.

5.12.11.1.1 Special Case Resource Average Coincident Load

The ISO must receive from the Responsible Interface Party that enrolls a Special Case Resource, the applicable metered Load data required to calculate an ACL for that SCR as provided below and in accordance with ISO Procedures. The ACL shall be computed using the metered Load for the applicable Capability Period SCR Load Zone Peak Hours that indicates the

Load consumed by each SCR that is supplied by the NYS Transmission System and/or distribution system and is exclusive of any generation produced by a Local Generator, other behind-the-meter generator, or other supply source located behind the SCR's meter, that served some of the SCR's Load.

Beginning with the Winter 2011-2012 Capability Period and thereafter, the ISO shall use the average of the highest twenty (20) one-hour peak Loads of the SCR taken from the Load data reported for the Capability Period SCR Load Zone Peak Hours during the Prior Equivalent Capability Period, and taking into account the resource's reported verified Load reduction in a Transmission Owner's demand response program in hours coincident with any of these hours, to create a SCR ACL baseline. In addition, beginning with the Summer 2014 Capability Period, the resource's verified Load reduction in either of the ISO's economic demand response programs (the Day Ahead Demand Response Program and the Demand Side Ancillary Services Program) in hours coincident with any of the applicable Capability Period SCR Load Zone Peak Hours will be taken into account when creating the SCR ACL. For the Day Ahead Demand Response Program, the verified Load reduction that occurred in response to a DADRP schedule shall be added to the Capability Period SCR Load Zone Peak Hour for which the reduction in response to a DADRP schedule occurred. For the Demand Side Ancillary Services Program, the Load value to be used in calculating the ACL for each hour during the Capability Period SCR Load Zone Peak Hours in which a non-zero Base Point Signal the ISO provides to the resource, shall be the greater of (a) the DSASP Baseline MW value in the interval immediately preceding the first non-zero Base Point Signal in the Capability Period SCR Load Zone Peak Hour and (b) the metered Load of the resource as reported by the RIP for the Capability Period SCR Load Zone Peak Hour. When the non-zero Base Point Signal dispatch of a DSASP resource begins in one hour

and continues into consecutive hours, and the consecutive hour is identified as being a Capability Period SCR Load Zone Peak Hour, the DSASP Baseline MW value in effect at the beginning of the dispatch of the non-zero Base Point Signal shall be the MW value used for purposes of determining the applicable Load value for that Capability Period SCR Load Zone Peak Hour, in accordance with the preceding sentence. The ISO will post to its website the Capability Period SCR Load Zone Peak Hours for each zone ninety (90) days prior to the beginning of the Capability Period for which the ACL will be in effect.

In the SCR enrollment file uploaded by the RIP each month within the Capability Period, among other required information, the RIP shall provide the SCR's metered Load values for the applicable Capability Period SCR Load Zone Peak Hours necessary to compute the ACL for each SCR.

The exception to this requirement to report the required metered Load data for the ACL, when enrolling a SCR prior to the Summer 2014 Capability Period, is if (i) the SCR has not previously been enrolled with the ISO and (ii) never had interval metering Load data for each month in the Prior Equivalent Capability Period needed to compute the SCR's ACL. Beginning with the Summer 2014 Capability Period, the exception to this requirement to report the required metered Load data for the ACL, is dependent upon one or more of the eligibility conditions for SCR enrollment with a Provisional ACL provided in Section 5.12.11.1.2 of this Services Tariff and ISO Procedures. For SCRs that meet the criteria to enroll with a Provisional ACL, the ISO must receive from the RIP a Provisional ACL as provided in Section 5.12.11.1.2 of this Services Tariff and in accordance with ISO Procedures.

Beginning with the Summer 2014 Capability Period, in addition to the requirement for RIPs to report each SCR's metered Load values that occurred during the Capability Period SCR

Load Zone Peak Hours, in accordance with this Services Tariff and ISO Procedures during the enrollment process, any qualifying increase in a SCR's Load that will be supplied by the NYS Transmission System and/or distribution system may be reported as an Incremental ACL, subject to the limitations and verification reporting requirements provided in Section 5.12.11.1.5 of this Services Tariff and in accordance with ISO Procedures. Incremental ACL values must be reported using the required enrollment file that may be uploaded by the RIP during each month's enrollment period. RIPs may not report Incremental ACL values for any SCRs that are enrolled in the Capability Period with a Provisional ACL.

A reduction in a SCR's Load that is supplied by the NYS Transmission System and/or distribution system and meets the criteria for a SCR Change of Status must be reported as a SCR Change of Status as provided by Section 5.12.11.1.3 of this Services Tariff and in accordance with ISO Procedures.

The ACL is the basis for the upper limit of ICAP, except in circumstances when the SCR has reported a SCR Change of Status or reported an Incremental ACL pursuant to Sections 5.12.11.1.3 and 5.12.11.1.5 of this Services Tariff. The basis for the upper limit of ICAP for a SCR that has experienced a SCR Change of Status or reported an Incremental ACL shall be the Net ACL.

5.12.11.1.2 Use of a Provisional Average Coincident Load

Prior to the Summer 2014 Capability Period, as provided in Section 5.12.11.1.1 of this Services Tariff, if a new Special Case Resource has not previously been enrolled with the ISO and never had interval billing meter data from the Prior Equivalent Capability Period, its Installed Capacity value shall be its Provisional Average Coincident Load for the Capability Period for which the new SCR is enrolled. The Provisional ACL may be applicable to a new

SCR for a maximum of three (3) consecutive Capability Periods, beginning with the Capability Period in which the SCR is first enrolled.

Beginning with the Summer 2014 Capability Period, a SCR may be enrolled using a Provisional ACL in lieu of an ACL when one of the following conditions has been determined by the ISO to apply: (i) the SCR has not previously been enrolled with the ISO for the seasonal Capability Period for which the SCR enrollment with a Provisional ACL is intended, (ii) the SCR was enrolled with a Provisional ACL in the Prior Equivalent Capability Period and was required to report fewer than twenty (20) hours of metered Load verification data that correspond with the Capability Period SCR Load Zone Peak Hours based on the meter installation date of the SCR, (iii) the RIP attempting to enroll the SCR with a Provisional ACL is not the same RIP that enrolled the SCR in the Prior Equivalent Capability Period and interval billing meter data for the SCR from the Prior Equivalent Capability Period is not obtainable by the enrolling RIP and not available to be provided to the enrolling RIP by the ISO. The Provisional ACL may be applicable to a SCR for a maximum of three (3) consecutive Capability Periods when enrolled with the same RIP, beginning with the Capability Period in which the SCR is first enrolled by the RIP.

A SCR enrolled in the Capability Period with a Provisional ACL may not be enrolled by another RIP for the remainder of the Capability Period and the Provisional ACL value shall apply to the resource for the entire Capability Period for which the value is established.

The Provisional ACL is the RIP's forecast of the SCR's ACL and shall be the basis for the upper limit of ICAP for which the RIP may enroll the SCR during the Capability Period.

Any SCR enrolled with a Provisional ACL shall be subject to actual in-period verification. A Verified ACL shall be calculated by the ISO using the top twenty (20) one-hour

peak Loads reported for the SCR from the Capability Period SCR Load Zone Peak Hours that are applicable to verify the Provisional ACL in accordance with ISO Procedures and taking into account the resource's reported verified Load reductions in a Transmission Owner's demand response program that are coincident with any of the applicable Capability Period SCR Load Zone Peak Hours. In addition, beginning with the Summer 2014 Capability Period, the resource's verified Load reduction in either of the ISO's economic demand response programs (the Day Ahead Demand Response Program and the Demand Side Ancillary Services Program) in hours coincident with any of the applicable Capability Period SCR Load Zone Peak Hours will be taken into account when creating the SCR Verified ACL. For the Day Ahead Demand Response Program, the verified Load reduction that occurred in response to a DADRP schedule shall be added to the Capability Period SCR Load Zone Peak Hour for which the reduction in response to a DADRP schedule occurred. For the Demand Side Ancillary Services Program, the Load value to be used in calculating the Verified ACL for each hour during the Capability Period SCR Load Zone Peak Hours in which a non-zero Base Point Signal the ISO provides to the resource, shall be the greater of (a) the DSASP Baseline MW value in the interval immediately preceding the first non-zero Base Point Signal in the Capability Period SCR Load Zone Peak Hour and (b) the metered Load of the resource as reported by the RIP for the Capability Period SCR Load Zone Peak Hour. When the non-zero Base Point Signal dispatch of a DSASP resource begins in one hour and continues into consecutive hours, and the consecutive hour is identified as being a Capability Period SCR Load Zone Peak Hour, the DSASP Baseline MW value in effect at the beginning of the dispatch of the non-zero Base Point Signal shall be the MW value used for purposes of determining the applicable Load value for that Capability Period SCR Load Zone Peak Hour, in accordance with the preceding sentence.

Following the Capability Period for which a resource with a Provisional ACL was enrolled, the RIP shall provide to the ISO the metered Load data required to compute the Verified ACL of the resource. The ISO shall compare the Provisional ACL to the Verified ACL to determine, after applying the applicable performance factor, whether the UCAP of the SCR had been oversold and whether a shortfall has occurred as provided under Section 5.14.2 of this Services Tariff. If the RIP fails to provide verification data required to compute the Verified ACL of the resource enrolled with a Provisional ACL by the deadline: (a) the Verified ACL of the resource shall be set to zero for each Capability Period in which the resource with a Provisional ACL was enrolled and verification data was not reported, and (b) the RIP may be subject to penalties in accordance with this Services Tariff.

5.12.11.1.3 Reporting a SCR Change of Load or SCR Change of Status

5.12.11.1.3.1 SCR Change of Load

The Responsible Interface Party shall report any SCR Change of Load in accordance with ISO Procedures. The RIP is required to document the SCR Change of Load and when the total Load reduction for SCRs that have a SCR Change of Load within the same Load Zone is greater than or equal to 5 MWs, the RIP shall report the SCR Change of Load for each SCR in accordance with ISO Procedures.

5.12.11.1.3.2 SCR Change of Status

The Responsible Interface Party shall report any SCR Change of Status in accordance with ISO Procedures. The ISO shall adjust the reported ACL of the SCR for a reported SCR Change of Status to the Net ACL, for all prospective months to which the SCR Change of Status is applicable. When a SCR Change of Status is reported under clause (i), (ii) or (iii) within the definition of a Qualified Change of Status Condition and the SCR has sold capacity, the SCR

shall be evaluated for a potential shortfall under Section 5.14.2 of this Services Tariff. Failure by the RIP to report a SCR Change of Status shall be evaluated as a potential shortfall under Section 5.14.2 of this Service Tariff and evaluated for failure to report under Section 5.12.12.2 of this Services Tariff.

Beginning with the Summer 2014 Capability Period, SCRs that were required to perform in the first performance test in the Capability Period in accordance with ISO Procedures and that subsequently report or change a reported SCR Change of Status value after the first performance test in the Capability Period shall be required to demonstrate the performance of the resource against the Net ACL value in the second performance test in the Capability Period. The exceptions to this provision occur when a SCR's eligible Installed Capacity is set to zero throughout the period of the SCR Change of Status, when a SCR's eligible Installed Capacity is decreased by at least the same kW value as the reported SCR Change of Status, or if a SCR Change of Status is reported, and prior to the second performance test, the SCR returns to the full applicable ACL enrolled prior to the SCR Change of Status. Performance in both performance tests shall be used in calculation of the resource's performance factors and all associated performance factors, deficiencies and penalties. If the RIP fails to report the performance for a resource that was required to perform in the second performance test in the Capability Period: (a) the resource will be assigned a performance of zero (0) for the test hour, and (b) the RIP shall be evaluated for failure to report under Section 5.12.12.2 of this Services Tariff.

5.12.11.1.4 Average Coincident Load of an SCR Aggregation

The ISO shall compute the Average Coincident Load of an SCR Aggregation each month in accordance with ISO Procedures.

5.12.11.1.5 Use of an Incremental Average Coincident Load

Beginning with the Summer 2014 Capability Period, a Responsible Interface Party may report any qualifying increase to a Special Case Resource's Average Coincident Load as Incremental Average Coincident Load in the RIP enrollment file upload and in accordance with this Services Tariff and ISO Procedures.

For SCRs with a total Load increase equal to or greater than twenty (20) percent and less than thirty (30) percent of the applicable ACL, the RIP may enroll the SCR with an Incremental ACL provided that the eligible Installed Capacity does not increase from the prior enrollment months within the same Capability Period and prior to enrollment with an Incremental ACL. If the SCR is enrolled with an Incremental ACL and it is the first month of the SCR's enrollment in the applicable Capability Period, the enrolled eligible Installed Capacity value shall not exceed the maximum eligible Installed Capacity of the SCR from the Prior Equivalent Capability Period. When no enrollment exists for the SCR in the Prior Equivalent Capability Period and it is the first month of the SCR's enrollment in the applicable Capability Period, the enrolled eligible Installed Capacity of the SCR shall not exceed the ACL calculated from the Capability Period SCR Load Zone Peak Hours. For SCRs with a total Load increase equal to or greater than thirty (30) percent of the applicable ACL, the RIP may enroll the SCR with an Incremental ACL and an increase to the SCR's eligible Installed Capacity and is required to test as described in this section of the Service Tariff.

The ISO shall adjust the ACL of the SCR for an Incremental ACL for all months for which the Incremental ACL is reported by the RIP. For resources reporting an Incremental ACL, the Net ACL shall equal the enrolled ACL plus the reported Incremental ACL less any applicable SCR Change of Status and shall be the basis for the upper limit of ICAP for which the RIP may enroll the SCR during the Capability Period.

An Incremental ACL is a discrete change to the SCR operations that is expected to result in an increase to the Load that the SCR will consume from the NYS Transmission System and/or distribution system. It is not available to account for random fluctuations in Load, such as those caused by weather or other seasonal Load variations. Therefore, the ACL of a SCR may only be increased once per Capability Period and the amount of the increase enrolled must remain the same for all months for which the Incremental ACL is reported. A SCR enrolled in the Capability Period with an Incremental ACL may not be enrolled by another RIP for the remainder of the Capability Period. A SCR enrolled in the Capability Period with a Provisional ACL is not eligible to enroll with an Incremental ACL.

Following the Capability Period for which a SCR has been enrolled with an Incremental ACL, the RIP shall provide the hourly metered Load verification data that corresponds to the Monthly SCR Load Zone Peak Hours identified by the ISO for all months in which an Incremental ACL value was reported for the SCR. For each month for which verification data was required to be reported, the ISO shall calculate a Monthly ACL that will be used in the calculation of a Verified ACL. The Monthly ACL shall equal the average of the SCR's top twenty (20) one-hour metered Load values that correspond with the applicable Monthly SCR Load Zone Peak Hours, and taking into account (i) the resource's reported verified Load reduction in a Transmission Owner's demand response program in hours coincident with any of these hours. and (ii) the resource's verified Load reduction in either of the ISO's economic demand response programs (the Day Ahead Demand Response Program and the Demand Side Ancillary Services Program) in hours coincident with any of these hours. For the Day Ahead Demand Response Program, the verified Load reduction that occurred in response to a DADRP schedule shall be added to the Monthly SCR Load Zone Peak Hour for which the reduction in

response to a DADRP schedule occurred. For the Demand Side Ancillary Services Program, the Load value to be used in calculating the Monthly ACL for each hour during the Monthly SCR Load Zone Peak Hours in which a non-zero Base Point Signal the ISO provides to the resource, shall be the greater of (a) the DSASP Baseline MW value in the interval immediately preceding the first non-zero Base Point Signal in the Monthly SCR Load Zone Peak Hour and (b) the metered Load of the resource as reported by the RIP for the Monthly SCR Load Zone Peak Hour. When the non-zero Base Point Signal dispatch of a DSASP resource begins in one hour and continues into consecutive hours, and the consecutive hour is identified as being a Monthly SCR Load Zone Peak Hour, the DSASP Baseline MW value in effect at the beginning of the dispatch of the non-zero Base Point Signal shall be the MW value used for purposes of determining the applicable Load value for that Monthly SCR Load Zone Peak Hour, in accordance with the preceding sentence. The Verified ACL shall be the average of the two (2) highest Monthly ACLs during the Capability Period in which the SCR was enrolled with an Incremental ACL within the same Capability Period.

For any month in which verification data for the Incremental ACL is required but not timely submitted to the ISO in accordance with ISO procedures, the ISO shall set the metered Load values to zero. When a Monthly ACL is set to zero, the Verified ACL will be calculated as the average of: a) the two (2) highest Monthly ACLs during the Capability Period in which the SCR was enrolled with an Incremental ACL within the same Capability Period; plus b) the Monthly ACLs for all months in which the SCR was enrolled within the same Capability Period with an Incremental ACL in the Capability Period in which the RIP failed to provide the minimum verification data required. In addition, a RIP may be subject to a penalty for each

month for which verification data was required and not reported in accordance with this Services Tariff.

For each SCR that is enrolled with an Incremental ACL, the ISO shall compare the Net ACL calculated from the resource enrollment (ACL plus Incremental ACL less any applicable SCR Change of Status) to the Verified ACL calculated for the SCR to determine if the RIP's use of an Incremental ACL may have resulted in a shortfall pursuant to Section 5.14.2.

A Special Case Resource that was required to perform in the first performance test in the Capability Period in accordance with ISO Procedures and was subsequently enrolled using an Incremental ACL and an increase in the amount of Installed Capacity that the SCR is eligible to sell, shall be required to demonstrate performance against the maximum amount of eligible Installed Capacity reported for the SCR in the second performance test in the Capability Period. Performance in this test shall be measured from the Net ACL. Performance in both performance tests shall be used in calculation of the resource's performance factor and all associated performance factors, deficiencies and penalties. If the RIP fails to report the performance for a resource that was required to perform in the second performance test in the Capability Period: (a) the resource will be assigned a performance of zero (0) for the test hour, and (b) the RIP shall be evaluated for failure to report under Section 5.12.12.2 of this Services Tariff.

5.12.11.2 Existing Municipally-Owned Generation

A municipal utility that owns existing generation in excess of its Unforced Capacity requirement, net of NYPA-provided Capacity may, consistent with the deliverability requirements set forth in Attachment HH to the ISO OATT, offer the excess Capacity for sale as Installed Capacity provided that it is willing to operate the generation at the ISO's request, and provided that the Energy produced is deliverable to the New York State Power System. Such a

municipal utility shall not be required to comply with the requirement of Section 5.12.7 of this Tariff that an Installed Capacity Supplier bid into the Energy market or enter into Bilateral Transactions. Municipal utilities shall, however, be required to submit their typical physical operating parameters, such as their start-up times, to the ISO. This subsection is only applicable to municipally-owned generation in service or under construction as of December 31, 1999.

5.12.11.3 Energy Limited Resources

An Energy Limited Resource or an Aggregation that is comprised entirely of a single Resource-type Energy Limited Resource may, consistent with the deliverability requirements set forth in Attachment HH to the ISO OATT, qualify as an Installed Capacity Supplier if it Bids its Installed Capacity Equivalent into the Day-Ahead Market each day and if it is able to provide the Energy equivalent of the Unforced Capacity for the number of consecutive hours that correspond to its Energy Duration Limitation each day. Energy Limited Resources or Aggregations that are Energy Limited Resources shall also Bid a Normal Upper Operating Limit or Emergency Upper Operating Limit, as applicable, designating their desired operating limits. Energy Limited Resources or Aggregations that are Energy Limited Resources that are not scheduled in the Day-Ahead Market to operate at a level above their bid-in upper operating limit, may be scheduled in the RTC, or may be called in real-time pursuant to a manual intervention by ISO dispatchers, who will account for the fact that Energy Limited Resource or an Aggregation that is an Energy Limited Resource may not be capable of responding.

5.12.11.4 Intermittent Power Resources

Intermittent Power Resources that depend upon wind or solar as their fuel or Aggregations that are entirely comprised of Intermittent Power Resources that depend on the same type of fuel, with that fuel being wind or solar, may qualify as Installed Capacity Suppliers,

without having to comply with the daily bidding and scheduling requirements set forth in Section 5.12.7 of this Tariff, and may, consistent with the deliverability requirements set forth in Attachment HH to the ISO OATT, claim up to their nameplate Capacity as Installed Capacity. To qualify as Installed Capacity Suppliers, such Intermittent Power Resources shall comply with the requirements of Section 5.12.1 and the outage notification requirements of 5.12.7 of this Tariff.

5.12.11.5 Installed Capacity Suppliers with an Energy Duration Limitation

A Resource with an Energy Duration Limitation may, consistent with the deliverability requirements set forth in Attachment HH to the ISO OATT, qualify as an Installed Capacity Supplier with an Energy Duration Limitation if it Bids its Installed Capacity Equivalent into the Day-Ahead Market each day and if it is able to provide the Energy equivalent of the Unforced Capacity for the number of consecutive hours that correspond to its Energy Duration Limitation each day. Installed Capacity Suppliers with an Energy Duration Limitation shall also Bid a Normal Upper Operating Limit or Emergency Upper Operating Limit, as applicable, designating their desired operating limits. Installed Capacity Suppliers with an Energy Duration Limitation that are not scheduled in the Day-Ahead Market to operate at a level above their bid-in upper operating limit, may be scheduled in the RTC, or may be called in real-time pursuant to a manual intervention by ISO dispatchers, who will account for the fact that Installed Capacity Suppliers with an Energy Duration Limitation may not be capable of responding.

5.12.12 Sanctions Applicable to Installed Capacity Suppliers and Transmission Owners

Pursuant to this section, the ISO may impose financial sanctions on Installed Capacity Suppliers and Transmission Owners that fail to comply with certain provisions of this Tariff.

The ISO shall notify Installed Capacity Suppliers and Transmission Owners prior to imposing any sanction and shall afford them a reasonable opportunity to demonstrate that they should not be sanctioned and/or to offer mitigating reasons why they should be subject to a lesser sanction. The ISO may impose a sanction lower than the maximum amounts allowed by this section at its sole discretion. Installed Capacity Suppliers and Transmission Owners may challenge any sanction imposed by the ISO pursuant to the ISO Dispute Resolution Procedures.

Any sanctions collected by the ISO pursuant to this section will be applied to reduce the Rate Schedule 1 charge under this Tariff.

5.12.12.1 Sanctions for Failing to Provide Required Information

If (i) an Installed Capacity Supplier fails to provide the information required by Sections 5.12.1.1, 5.12.1.2, 5.12.1.3, 5.12.1.4, 5.12.1.7 or 5.12.1.8 of this Tariff in a timely fashion, or (ii) a Supplier of Unforced Capacity from External System Resources located in an External Control Area or from a Control Area System Resource that has agreed not to Curtail the Energy associated with such Installed Capacity, or to afford it the same Curtailment priority that it affords its own Control Area Load, fails to provide the information required for certification as an Installed Capacity Supplier established in the ISO Procedures, the ISO may take the following actions: On the first day that required information is late, the ISO shall notify the Installed Capacity Supplier that required information is past due and that it reserves the right to impose financial sanctions if the information is not provided by the end of the following day. Starting on the third day that the required information is late, the ISO may impose a daily financial sanction of up to the higher of $500 or $5 per MW of Installed Capacity that the Generator, System Resource, or Control Area System Resource in question is capable of providing. Starting on the tenth day that the required information is late, the ISO may impose a daily financial sanction of

up to the higher of $1000 or $10 per MW of Installed Capacity that the Generator, System Resource, or Control Area System Resource in question is capable of providing.

If an Installed Capacity Supplier fails to provide the information required by Subsection 5.12.1.5 of this Tariff in a timely fashion, the ISO may take the following actions: On the first calendar day that required information is late, the ISO shall notify the Installed Capacity Supplier that required information is past due and that it reserves the right to impose financial sanctions if the information is not provided by the end of that first calendar day. Starting on the second calendar day that the required information is late, the ISO may impose a daily financial sanction up to the higher of $500 or $5 per MW of Installed Capacity that the Generator, System Resource, or Control Area System Resource in question is capable of providing.

If a TO fails to provide the information required by Subsection 5.11.3 of this Tariff in a timely fashion, the ISO may take the following actions: On the first day that required information is late, the ISO shall notify the TO that required information is past due and that it reserves the right to impose financial sanctions if the information is not provided by the end of the following day. Starting on the third day that the required information is late, the ISO may impose a daily financial sanction up to $5,000 a day. Starting on the tenth day that required information is late, the ISO may impose a daily financial sanction up to $10,000.

5.12.12.2 Sanctions for Failing to Comply with Scheduling, Bidding, and Notification Requirements

On any day in which an Installed Capacity Supplier fails to comply with the scheduling, bidding, or notification requirements of Sections 5.12.1.6 or 5.12.1.10, or with Section 5.12.7 of this Tariff, or in which a Supplier of Installed Capacity from External System Resources or Control Area System Resources located in an External Control Area that has agreed not to Curtail the Energy associated with such Installed Capacity, or to afford it the same Curtailment

priority that it affords its own Control Area Load, fails to comply with scheduling, bidding, or notification requirements for certification as an Installed Capacity Supplier established in the ISO Procedures, the ISO may impose a financial sanction up to the product of a deficiency charge (pro-rated on a daily basis for Installed Capacity Suppliers) and the maximum number of MWs that the Installed Capacity Supplier failed to schedule or Bid in any hour in that day provided, however, that no financial sanction shall apply to any Installed Capacity Supplier who demonstrates that the Energy it schedules, bids, or declares to be unavailable on any day is not less than the Installed Capacity that it supplies for that day rounded down to the nearest 0.1 MW, or rounded down to the nearest whole MW for an External Installed Capacity Supplier. For Installed Capacity Suppliers that have an Energy Duration Limitation, the deficiency charge will be pro-rated on a daily basis only taking into account hours during the Peak Load Window corresponding with the Resource's Energy Duration Limitation obligation, excluding Energy Storage Resources which will be evaluated over all hours during the Peak Load Window, and the maximum number of MWs that the Installed Capacity Supplier with an Energy Duration Limitation failed to schedule or Bid in any hour in the Peak Load Window of that day provided, however, that no financial sanction shall apply to any Installed Capacity Supplier that demonstrates that the Energy it schedules, bids, or declares to be unavailable on any day is not less than the Installed Capacity that it supplies for that day rounded down to the nearest 0.1 MW. The deficiency charge may be up to one and one-half times the applicable Market-Clearing Price of Unforced Capacity determined in the ICAP Spot Market Auction corresponding to where the Installed Capacity Supplier's capacity cleared, and for each month in which the Installed Capacity Supplier is determined not to have complied with the foregoing requirements.

In addition to the financial sanctions described above, the Installed Capacity Supplier offering a Generator that participates as a Co-located Storage Resource may also be subject to a financial sanction for failing to comply with the requirements of Services Tariff Section 5.12.7.1. When such Installed Capacity Supplier fails to comply with Services Tariff Section 5.12.7.1, the ISO may impose a financial sanction up to the product of a deficiency charge and the difference between Installed Capacity Equivalent of the Unforced Capacity of the Generator and the CSR Scheduling Limit. If an Installed Capacity Supplier is subject to financial sanctions for its failure to comply with Services Tariff Section 5.12.7.1 is also subject to a penalty under this Section for failing to comply with the scheduling, bidding, or notification requirements of Sections 5.12.1.6 or 5.12.1.10, or with Section 5.12.7 of this Tariff for the same Day-Ahead Market hour, the NYISO shall assess only the greater of the two sanctions for that hour.

In addition, if any Installed Capacity Supplier fails to comply with the scheduling, bidding, or notification requirements of Sections 5.12.1.6 or 5.12.1.10, or with Section 5.12.7 of this Tariff, or if an Installed Capacity Supplier of Unforced Capacity from an External Control Ar~~e~~ea fails to comply with the scheduling, bidding, or notification requirements for certification as an Installed Capacity Supplier established in the ISO Procedures, during an hour in which the ISO curtails Exports associated with NYCA Installed Capacity Suppliers consistent with Section 5.12.10 of this Tariff and with ISO Procedures, then the ISO may impose an additional financial sanction equal to the product of the number of MWs the Installed Capacity Supplier failed to schedule during that hour and the corresponding Real-Time LBMP at the applicable Proxy Generator Bus.

To the extent an Installed Capacity Supplier of Unforced Capacity from an External Control Area or an External Generator associated with an Unforced Capacity sale using UDRs or

EDRs fails to comply with Section 5.12.1.10 of this Tariff, the Installed Capacity Supplier or External Generator associated with an Unforced Capacity sale using UDRs or EDRs shall be subject to a deficiency charge calculated in accordance with the formula set forth below for each Obligation Procurement Period:

$$Deficiency\ charge = 1.5 * PRICE * \left(\frac{1000kW}{1MW}\right) * \left(\frac{\sum_{n=1}^{N}\left(\max\left(ICAP_n^{MWh} - SRE_n^{MWh}, 0\right)\right)}{N}\right)$$

Where:

N = total number of hours of SRE calls during the relevant Obligation Procurement Period

PRICE = ICAP Spot Market Auction clearing price for the relevant Obligation Procurement Period

$ICAP_n^{MWh}$ = for each hour *n* of SRE calls during the relevant Obligation Procurement Period, the ICAP equivalent of the UCAP sold from the External Installed Capacity Supplier that is a Generator, or the External Generator associated with an Unforced Capacity sale using UDRs or EDRs, or the Control Area System Resource in MWh, minus (x) any MWh that are unavailable due to an outage as defined in the ISO Procedures, or due to due to physical operating limitations affecting the External Installed Capacity Supplier that is a Generator, or the External Generator associated with an Unforced Capacity sale using UDRs or EDRs, or due to other operational issues that the ISO determines to be outside the Installed Capacity Supplier's control, and (y) any MWh that were Bid as Imports to the NYCA at the appropriate Proxy Generator Bus at a price that was designed to ensure the Import was scheduled to the greatest extent possible, but that were not scheduled by the ISO

SRE_n^{MWh} = MWh provided to the NYCA at the appropriate Proxy Generator Bus from the External Installed Capacity Supplier that is a Generator, or the External Generator associated with an Unforced Capacity sale using UDRs or EDRs, or the Control Area System Resource, during each hour *n* of SRE calls during the relevant Obligation Procurement Period.

If an Installed Capacity Supplier's failure to fully comply with this Tariff would, in addition to being assessed a deficiency charge calculated in accordance with the formula set forth above, also permit the ISO to impose a different deficiency charge or a financial sanction under this Section 5.12.12.2, or to impose a deficiency charge for a shortfall under Section 5.14.2.2 of this Tariff, then the ISO shall only impose the penalty for failure to comply with Section 5.12.1.10 of this Tariff on the Installed Capacity Supplier for the hour(s) in which the Installed Capacity Supplier failed to meet its obligations under Section 5.12.1.10 of this Tariff.

If the Installed Capacity Supplier is a Responsible Interface Party that enrolled a SCR with an Incremental ACL in accordance with this Services Tariff, and also reported an increase to the Installed Capacity the SCR has eligible to sell after the first performance test in the Capability Period, the ISO may impose an additional financial sanction due to the failure of the RIP to report the required performance of the SCR against the Net ACL value in the second performance test in the Capability Period. This sanction shall be the value of the reported increase in the eligible Installed Capacity associated with the SCR that was sold by the RIP in each month of the Capability Period, during which the reported increase was in effect, multiplied by up to one and one-half times the applicable Market-Clearing Price of Unforced Capacity determined in the ICAP Spot Market Auction for each such month.

If the Installed Capacity Supplier is a Responsible Interface Party, and the Average Coincident Load of the Special Case Resource has been decreased after the first performance test in the Capability Period, due to a SCR Change of Status in accordance with this Services Tariff and ISO Procedures, the ISO may impose an additional financial sanction resulting from the failure of the RIP to report the required performance of the SCR against the Net ACL value of the SCR when the SCR was required to perform in the second performance test in the Capability Period in accordance with Section 5.12.11.1.3.2 of this Services Tariff. This sanction shall be the value of the Unforced Capacity equivalent of the SCR Change of Status MW reported for the SCR during the months for which the SCR was enrolled with a SCR Change of Status and was required to demonstrate in the second performance test as specified in Section 5.12.11.1.3.2 of this Services Tariff, multiplied by up to one and one-half times the applicable Market-Clearing Price of Unforced Capacity determined in the ICAP Spot Market Auction for each such month.

If a RIP fails to provide the information required by Section 5.12.11.1.3 of this Services Tariff in accordance with the ISO Procedures for reporting a Qualified Change of Status Condition, and the ISO determines that a SCR Change of Status occurred within a Capability Period, the ISO may impose a financial sanction equal to the difference, if positive, between the enrolled ACL and the maximum one hour metered Load for the month multiplied by up to one-half times the applicable Market-Clearing Price of Unforced Capacity determined in the ICAP Spot Market Auction for each month the Installed Capacity Supplier is deemed to have a shortfall in addition to the corresponding shortfall penalty as provided in Section 5.14.2.

For each month in which a RIP fails to report required verification data and the applicable ACL value is set to zero in accordance with Section 5.12.11 of this Services Tariff,

the ISO shall have the right to recover any energy payments made to the RIP for performance of the SCR by reducing other payments or other lawful means.

5.12.13 Aggregations

5.12.13.1 Resources Entering and Changing Aggregations

A qualified Installed Capacity Supplier, which meets the requirements to participate in an Aggregation, may enter an Aggregation pursuant to the rules set forth in Services Tariff Section 4.1.10.3.

When an Installed Capacity Supplier that is a Special Case Resource enters an Aggregation to become a Distributed Energy Resource within the same Capability Period, the maximum Installed Capacity that an Aggregator can declare for the Distributed Energy Resource shall be the upper limit of Installed Capacity calculated for the Special Case Resource in accordance with Services Tariff Section 5.12.11.1.1. When an existing Special Case Resource enters an Aggregation and becomes a Distributed Energy Resource at the beginning of a Capability Period (*i.e.*, begins participating as a Distributed Energy Resource on May 1 or November 1), the maximum Installed Capacity that an Aggregator can declare for that Distributed Energy Resource shall be the upper limit of Installed Capacity calculated for the Special Case Resource for the immediately prior like Capability Period, calculated in accordance with Services Tariff Section 5.12.11.1.1, if such value was calculated.

When a Generator with an approved in-period DMNC rating enters an Aggregation to become a Distributed Energy Resource, the maximum Installed Capacity that an Aggregator can declare for the Distributed Energy Resource shall be the minimum of the Generator's approved in-period DMNC rating and the Generator's CRIS.

Individual Distributed Energy Resources may elect to leave their current Aggregation and join a new Aggregation pursuant to the Resources Changing Aggregation rules set forth in this Services Tariff section below and in Services Tariff section 4.1.10.3. The Installed Capacity of a Distributed Energy Resource that enters a new Aggregation will be assigned to the new Aggregation on a monthly basis beginning on the first day of the month in which the Distributed Energy Resource enters the new Aggregation. The Installed Capacity of a Distributed Energy Resource that exits an Aggregation will be removed from the Aggregation on the last day in which the Distributed Energy Resource is registered in the Aggregation. The specific processes for transferring a Distributed Energy Resource and its Installed Capacity to another Aggregation are located in the ISO Procedures.

An individual resource within an Aggregation may only change from participating in a homogenous Aggregation that is not a DER Aggregation to participating in a DER Aggregation at the beginning of a Capability Year, provided that the Aggregation notifies the ISO by August 1 of the year prior to the beginning of the Capability Year. An individual resource within an Aggregation may only change from participating in a DER Aggregation to participating in a homogeneous Aggregation that is not a DER Aggregation at the beginning of a Capability Year, provided that the Aggregation notifies the ISO by August 1 of the year prior to the beginning of the Capability Year. If the composition of a homogeneous Aggregation that is not a DER Aggregation changes during a Capability Year such that the homogeneous Aggregation that is not a DER Aggregation would no longer qualify as a homogeneous Aggregation that is not a DER Aggregation, the homogeneous Aggregation that is not a DER Aggregation will maintain the qualifications as a homogeneous Aggregation that is not a DER Aggregation for the remainder of the Capability Year, and, it will have to elect (i) a different Aggregation by August

1, (ii) to participate in the ISO Administered Markets as a Generator, if qualified, or (iii) to leave the ISO Administered Markets for the following Capability Year. If the composition of a DER Aggregation changes during a Capability Year such that the DER Aggregation would no longer qualify as a DER Aggregation, the DER Aggregation will maintain the qualifications as a DER Aggregation for the remainder of the Capability Year, and, it will have to elect (i) a different Aggregation by August 1, (ii) to participate in the ISO Administered Markets as a Generator, if qualified, or (iii) to leave the ISO Administered Markets for the following Capability Year. An individual Distributed Energy Resource seeking to participate in the ISO-administered Installed Capacity auctions that has previously acted as a retail load modifier may only register as an Installed Capacity Supplier for the upcoming Capability Year, provided that Resource notified the ISO of its intention to become an Installed Capacity Supplier by August 1 of the year prior to the start of the Capability Year and provided the output data in accordance with ISO Procedures.

5.12.13.2 Time-stacking Resources in an Aggregation

An Aggregator may sequentially stack individual Distributed Energy Resources within an Aggregation in order to meet the Energy Duration Limitations specified in Section 5.12.14. In addition to the requirements and obligations described in this section 5.12.13, the following rules apply to an Aggregation that seeks to sequentially stack individual Distributed Energy Resources:

5.12.13.2.1 each individual Distributed Energy Resource must be able to provide Energy for a minimum of one 1-hour block each day;

5.12.13.2.2 individual Distributed Energy Resources duration will be rounded-down to the nearest hour and stacked in whole-hour increments;

5.12.13.2.3 Time-stacked Aggregations will be qualified for the amount of Capacity it can sustain over the run-time requirement; and

The specific processes related to time-stacking Distributed Energy Resources in an Aggregation are located in the ISO Procedures.

5.12.14 Energy Duration Limitations, Duration Adjustment Factors, and Capacity Accreditation Factors for Installed Capacity Suppliers

Starting with the Capability Year that begins on May 1, 2021, Resources with a limited run-time that meet the Energy Duration Limitations identified in the tables below may qualify to participate as Installed Capacity Suppliers. Resources with a limited run-time must elect an Energy Duration Limitation that is less than or equal to the Resource's ability to demonstrate sustained output at its qualified MW amount. Resources that do not have an Energy Duration Limitation will have a Duration Adjustment Factor of 100%. The Adjusted Installed Capacity for an Installed Capacity Supplier shall be calculated using the applicable Energy Duration Limitations and Duration Adjustment Factors, and in accordance with ISO Procedures, starting with the 2021/2022 Capability Year, as determined by the MW count of incremental penetration of Resources with Energy Duration Limitations as listed below:

Table 1:

Incremental Penetration of Resources with Energy Duration Limitations is less than 1000 MW	
Energy Duration Limitations (hours)	Duration Adjustment Factor (%)
8	100
6	100
4	90
2	45

Table 2:

Incremental Penetration of Resources with Energy Duration Limitations 1000 MW and above	
Energy Duration Limitations (hours)	Duration Adjustment Factor (%)
8	100
6	90
4	75
2	37.5

While Table 1 is in effect, Resources with an Energy Duration Limitation of 6 hours or less must fulfill the availability requirements given in Section 5.12.7 for a 6-hour Peak Load Window. While Table 2 is in effect, Resources with an Energy Duration Limitation of 6 hours or less must fulfill the availability requirements given in Section 5.12.7 for an 8-hour Peak Load Window. Resources with an Energy Duration Limitation of 8 hours must always fulfill the availability requirements given in Section 5.12.7 for an 8-hour Peak Load Window. The 6 hour Peak Load Window for the Summer Capability Period is HB 13 through HB 18, and the 6 hour Peak Load Window for the Winter Capability Period is HB 16 through HB 21. The 8 hour Peak Load Window for the Summer Capability Period is HB 12 through HB 19, and the 8 hour Peak Load Window for the Winter Capability Period is HB 14 through HB 21.

Starting with the Capability Year that begins in May 2024, ICAP Suppliers will have their Adjusted ICAP calculated pursuant to Section 5.12.14.2 using the applicable Capacity Accreditation Factor. Resources with a limited run-time must elect an Energy Duration Limitation that is less than or equal to the Resource's ability to demonstrate sustained output at its qualified MW amount and will use the corresponding Capacity Accreditation Factor.

Resources with an Energy Duration Limitation must fulfill the availability requirements given in Section 5.12.7 for the duration of the Peak Load Window.

5.12.14.1 Counting Incremental Penetration of Resources with Energy Duration Limitations

The penetration levels of CRIS MW will be the sum of CRIS for Resources with Energy Duration Limitations that have elected to participate in ISO Administered Markets with less than 8 hour duration and that have entered into service after January 1, 2019 and incremental CRIS awarded after January 1, 2019 to Resources with Energy Duration Limitations that have elected to participate in ISO Administered Markets with less than 8 hour duration as specified below.

Penetration levels of CRIS MW for Resources with Energy Duration Limitations will be calculated in accordance with ISO Procedures as the sum of CRIS for Resources with Energy Duration Limitations of 2 hours, CRIS for Resources with Energy Duration Limitations of 4 hours and CRIS for Resources with Energy Duration Limitations of 6 hours that have entered into service and have participated in the ISO Markets after January 1, 2019. Penetration levels of Demand Side Resources will be calculated as the sum of the Demand Side Resource MW that have elected to participate in the ISO Capacity markets with less than 8 hour duration as of July 1, as pursuant to ISO Procedures. The MW count of Resources with Energy Duration Limitations that were in service prior to January 1, 2019 and have Retired will include CRIS for Resources with Energy Duration Limitations of 2 hours, CRIS for Resources with Energy Duration Limitations of 4 hours and CRIS for Resources with Energy Duration Limitations of 6 hours that have Retired as of July 1 each year, pursuant to ISO Procedures. Resources that obtained CRIS and were in service prior to January 1, 2019 that qualify as Resources with Energy Duration Limitations at a later date will not be included in the penetration levels of Resources with Energy Duration Limitations.

The MW count of incremental penetration of Resources with Energy Duration Limitations used to determine the applicable Duration Adjustment Factors provided in Section 5.12.14 for the upcoming Capability Year will be calculated in accordance with ISO Procedures as the sum of the penetration levels of CRIS MW, as described above, and penetration levels of Demand Side Resources, as described above, less the sum of CRIS MW for Resources with Energy Duration Limitations that have Retired, as described above, and less 1309.1 MW of SCR MW. The MW count of incremental penetration of Resources with Energy Duration Limitations with their Energy Duration Limitation election will be counted as of July 1 and posted by July 15. Once there are 1000 MW or more incremental penetration of Resources with Energy Duration Limitations, the Duration Adjustment Factors listed in Table 2 provided above in Section 5.12.14 will be effective May 1 of the following Capability Year and Table 2 will be effective notwithstanding future MW count of incremental penetration of Resources with Energy Duration Limitations.

5.12.14.2 Adjusted Installed Capacity

Starting with the Capability Year beginning May 1, 2021 and continuing until the Capability Year that begins in May 2024, a Resource's Unforced Capacity shall reflect the applicable Duration Adjustment Factor for the Resource's elected Energy Duration Limitation. The Adjusted Installed Capacity is equal to a Resource's Installed Capacity multiplied by the Duration Adjustment Factor. If a Resource or Aggregation wants to change its duration election it must inform the ISO by August 1 preceding the upcoming Capability Year.

Starting with the Capability Year that begins in May 2024, an ICAP Supplier's Unforced Capacity shall reflect the applicable Capacity Accreditation Factor of its Capacity Accreditation Resource Class. The ICAP Supplier's Adjusted Installed Capacity is equal to its Installed

Capacity multiplied by its applicable Capacity Accreditation Factor. If an existing Resource wishes to join an Aggregation, or, if a Resource or Aggregation wishes to elect a different Energy Duration Limitation than its current duration, it must inform the ISO by August 1 preceding the upcoming Capability Year.

5.12.14.3 -Periodic Review of Capacity Values Accreditation Factors

Starting with the Capability Year that begins in May 2024 and occurring every year, the ISO shall review the existing Capacity Accreditation Factors established for each Capacity Accreditation Resource Class and assess for the upcoming Capability Year the marginal reliability contributions of each Capacity Accreditation Resource Class toward meeting NYSRC resource adequacy requirements. The annual review shall: (i) use the Installed Reserve Margin/Locational Minimum Installed Capacity Requirement study model that is approved by the NYSRC for the upcoming Capability Year as a starting database, (ii) be performed at the conditions that reflect the expected NYCA system that meets the resource adequacy criterion, (iii) develop Capacity Accreditation Factors for all Capacity Accreditation Resource Classes that reflect the marginal reliability contributions toward meeting NYSRC resource adequacy requirements, and (iv) be performed for Rest of State, G-J Locality (excluding Load Zone J), NYC Locality, and Long Island Locality to the extent there exists an ICAP Supplier or projected ICAP Supplier in the given Capacity Accreditation Resource Classes in the applicable location, as specified in ISO Procedures.

In conjunction with this review, the ISO shall review the Peak Load Window associated with the bidding requirements for Resources with Energy Duration Limitations and modify the Peak Load Window accordingly, pursuant to ISO Procedures.

5.12.15 Capacity Accreditation Resource Class Characteristic Elections

Starting with the Capability Year beginning May 1, 2025, an Installed Capacity Supplier that elects to demonstrate any amount of firm fuel capability based on its expected ability to meet specified fuel requirements must notify the ISO of its election by August 1 of the calendar year preceding the subject Capability Year and provide supporting documentation composed of firm fuel contracts or liquid fuel inventory documentation and a description of how its fuel procurement and operational characteristics allow the unit to meet the applicable requirements at the relevant MW level in accordance with ISO Procedures. An ICAP Supplier must submit such data and description, in accordance with the above requirements, after August 1 and by December 1 in the subject Capability Year in accordance with ISO Procedures.

Installed Capacity Suppliers may submit the relevant data for a subject Capability Year (either prior to or after making an election pursuant to this Section) starting January 1 of the calendar year preceding the subject Capability Year (*e.g.*, January 1, 2025, for the 2026-2027 Capability Year). If the required information is submitted to the NYISO between January 1 of the calendar year preceding the subject Capability Year and August 1 of the subject Capability Year, the NYISO will undertake reasonable efforts to review the submitted data and notify the Installed Capacity Supplier in a timely manner if the documentation provided is not sufficient to support the elected level of firm capability, in accordance with ISO Procedures. Only information submitted after August 1 of the subject Capability Year will meet the December 1 data submission requirement (*i.e.*, data submitted prior to August 1 of the subject Capability Year and previously validated by the NYISO must be confirmed after August 1 of the subject Capability Year in accordance with ISO Procedures). The NYISO will notify an ICAP Supplier in a timely manner in accordance with the ISO Procedures if the data submitted to meet the December 1 data submission requirement does not support its firm fuel election. An Installed

Capacity Supplier that has not elected to demonstrate any amount of firm fuel is not subject to the requirements of this paragraph.

An Installed Capacity Supplier that elects to demonstrate any firm fuel capability that is unable to substantiate fulfillment of the requirements in accordance with ISO Procedures by the December 1 deadline, or is unable to maintain the required level of firm fuel supply, may be subject to an Installed Capacity shortfall penalty pursuant to Section 5.14.2 of the Services Tariff, and will only be permitted to sell Unforced Capacity at a MW value that is achievable consistent with the unit's new firm fuel level for any remaining months in the subject Capability Year in which it is unable to reestablish its firm fuel supply in accordance with ISO Procedures.

5.14 Installed Capacity Spot Market Auction and Installed Capacity Supplier Deficiencies

5.14.1 LSE Participation in the ICAP Spot Market Auction

5.14.1.1 ICAP Spot Market Auction

When the ISO conducts each ICAP Spot Market Auction it will account for all Unforced Capacity that each NYCA LSE has certified for use in the NYCA to meet its NYCA Minimum Unforced Capacity Requirement or Locational Minimum Unforced Capacity Requirement, as applicable, whether purchased through Bilateral Transactions or in prior auctions. The ISO shall receive offers of Unforced Capacity that has not previously been purchased through Bilateral Transactions or in prior auctions from qualified Installed Capacity Suppliers for the ICAP Spot Market Auction. Interim Service Providers that are required to keep their generating unit(s) in service must offer at $0.00/kW-month all of their Unforced Capacity into each ICAP Spot Market Auction conducted for each Obligation Procurement Period associate with a month in which it is to receive compensation under Rate Schedule 8 of the Services Tariff. If an Interim Service Provider that is required to keep its generating unit(s) in service is expressly precluded from offering all or a portion of its UCAP into an ICAP Spot Market Auction because it is obligated to provide capacity pursuant to a bilateral contract that is effective at the time of the ICAP Spot Market Auction, and was executed and effective before the NYISO received a Generator Deactivation Notice the Interim Service Provider (such contract a "Preexisting Capacity Bilateral"), then the Interim Service Provider shall only be required to offer the amount of its Unforced Capacity into that ICAP Spot Market Auction that it is not expressly required to provide pursuant to the terms of the such Preexisting Capacity Bilateral. The quantity of Unforced Capacity an Interim Service Provider that is required to keep its generating unit(s) in service is required to offer in accordance with this paragraph is the "ISP UCAP MW". The ISO shall also receive offers of

Unforced Capacity from any LSE for any amount of Unforced Capacity that the LSE has in excess of its NYCA Minimum Unforced Capacity Requirement or Locational Minimum Unforced Capacity Requirement, as applicable. Unforced Capacity that will be exported from the New York Control Area during the month for which Unforced Capacity is sold in an ICAP Spot Market Auction shall be certified to the NYISO by the certification deadline for that auction.

The ISO shall conduct an ICAP Spot Market Auction to purchase Unforced Capacity which shall be used by an LSE toward all components of its LSE Unforced Capacity Obligation for each Obligation Procurement Period immediately preceding the start of each Obligation Procurement Period. The exact date of the ICAP Spot Market Auction shall be established in the ISO Procedures. All LSEs shall participate in the ICAP Spot Market Auction. In the ICAP Spot Market Auction, the ISO shall submit monthly bids on behalf of all LSEs at a level per MW determined by the ICAP Demand Curves established in accordance with this Tariff and the ISO Procedures. The ICAP Spot Market Auction will set the LSE Unforced Capacity Obligation for each NYCA LSE in accordance with the ISO Procedures.

The ICAP Spot Market Auction will be conducted and solved simultaneously for Unforced Capacity that may be used by an LSE towards all components of its LSE Unforced Capacity Obligation for that Obligation Procurement Period using the applicable ICAP Demand Curves, as established in accordance with the ISO Procedures. LSEs that are awarded Unforced Capacity in the ICAP Spot Market Auction shall pay to the ISO the Market-Clearing Price of Unforced Capacity determined in the ICAP Spot Market Auction using the applicable ICAP Demand Curve. The ISO shall pay each Installed Capacity Supplier that is selected to provide

Unforced Capacity the Market-Clearing Price determined in the ICAP Spot Market Auction using the ICAP Demand Curve applicable to its offer.

5.14.1.2 Demand Curve and Adjustments

ICAP Demand Curves will be established to determine (a) the locational component of LSE Unforced Capacity Obligations for each Locality (b) the locational component of LSE Unforced Capacity Obligations for any New Capacity Zone, and (c) the total LSE Unforced Capacity Obligations for all LSEs. Beginning with the ICAP Demand Curves applicable for the 2025/2026 Capability Year, ICAP Demand Curves will, in accordance with ISO Procedures, be established for each Capability Period encompassed by a Capability Year.

The ICAP Demand Curves for the 2021/2022 Capability Year shall be established at the following points (in accordance with Section 5.14.1.2.2: (1) the ICAP Demand Curve values for the 2020/2021 Capability Year were determined pursuant to the annual update for such Capability Year; provided, however, that the ICAP Demand Curves for all months covered by the 2020/2021 Winter Capability Period shall be as set forth in Section 5.14.1.2.2.5 of this Tariff; and (2) the ICAP Demand Curve values for the 2022/2023 through 2024/2025 Capability Years will be determined pursuant to the respective annual update for each such Capability Year):

Capability Year	5/1/2020 to 4/30/2021	5/1/2021 to 4/30/2022	5/1/2022 to 4/30/2023	5/1/2023 to 6/30/2023	7/1/2023 to 4/30/2024	5/1/2024 to 4/30/2025
NYCA	To be posted on the ISO website on or before November 30, 2019*	Max @ $14.01 $7.81 @ 100% $0.00 @ 112%	To be posted on the ISO website on or before November 30, 2021	To be posted on the ISO website on or before November 30, 2022**	Max @ $16.74 $8.43 @ 100% $0.00 @ 112%	To be posted on the ISO website on or before November 30, 2023
NYC	To be posted on the ISO website on or before November 30, 2019*	Max @ $26.25 $21.28 @ 100%	To be posted on the ISO website on or before November 30, 2021	To be posted on the ISO website on or before November 30, 2022**	Max @ $30.87 $22.42 @ 100%	To be posted on the ISO website on or before November 30, 2023

		$0.00 @ 118%			$0.00 @ 118%	
LI	To be posted on the ISO website on or before November 30, 2019*	Max @ $21.27 $17.60 @ 100% $0.00 @ 118%	To be posted on the ISO website on or before November 30, 2021	To be posted on the ISO website on or before November 30, 2022**	Max @ $25.97 $15.48 @ 100% $0.00 @ 118%	To be posted on the ISO website on or before November 30, 2023
G-J	To be posted on the ISO website on or before November 30, 2019*	Max @ $18.94 $13.28 @ 100% $0.00 @ 115%	To be posted on the ISO website on or before November 30, 2021	To be posted on the ISO website on or before November 30, 2022**	Max @ $23.02 $12.42 @ 100% $0.00 @ 115%	To be posted on the ISO website on or before November 30, 2023
	NOTE: All dollar figures are in terms of $/kW-month of ICAP and all percentages are in terms of the applicable NYCA Minimum Installed Capacity Requirement and Locational Minimum Installed Capacity Requirement. The defined points describe a line segment with a negative slope that will result in higher values for percentages less than 100% of the NYCA Minimum Installed Capacity Requirement or the Locational Installed Capacity Requirement ("reference point") with the maximum value for each ICAP Demand Curve established at 1.5 times the estimated localized levelized cost per kW-month to develop a new peaking unit in each Locality or in Rest of State, as applicable. *Notwithstanding anything to the contrary in the ISO Tariffs and ISO Procedures, the ICAP Demand Curves for all months covered by the 2020/2021 Winter Capability Period shall be as set forth in Section 5.14.1.2.2.5 of this Tariff. The ICAP Demand Curves previously posted on the ISO website for the 2020/2021 Capability Year applied for the previously conducted ICAP Spot Market Auctions for all months covered by the 2020 Summer Capability Period. **Notwithstanding anything to the contrary in the ISO Tariffs and ISO Procedures, the ICAP Demand Curves for the 2023/2024 Capability Year posted to the ISO website by November 30, 2022 have been reposted to account for the directives of the May 19, 2023 order issued by FERC in Docket No. ER21-502-005. The revised ICAP Demand Curves for the 2023/2024 Capability Year will first be utilized for the ICAP Spot Market Auction for July 2023. The ICAP Demand Curves previously posted on the ISO website by November 30, 2022 for the 2023/2024 Capability Year applied for the ICAP Spot Market Auctions for May 2023 and June 2023.					

In subsequent years, the costs assigned by the ICAP Demand Curves to the NYCA Minimum Installed Capacity Requirement, the Locational Minimum Installed Capacity Requirement, and any Indicative NCZ Minimum Installed Capacity Requirement, will be defined by the results of the independent review conducted pursuant to this section. The ICAP Demand Curves will be translated into Unforced Capacity terms in accordance with the ISO Procedures. Beginning with the 2024/2025 Capability Year, the aforementioned translation shall utilize the

applicable derating factor of the peaking plant used to establish each ICAP Demand Curve, as determined during the periodic review conducted pursuant to Section 5.14.1.2.2.

5.14.1.2.1 Periodic Reviews of ICAP Demand Curves Applicable Prior to the 2017/2018 Capability Year

For ICAP Demand Curves applicable prior to the 2017/2018 Capability Year, a periodic review of the ICAP Demand Curves shall be performed every three (3) years in accordance with the ISO Procedures to determine the parameters of the ICAP Demand Curves for the next three Capability Years. The periodic review shall assess: (i) the current localized levelized embedded cost of a peaking plant in each NYCA Locality, the Rest of State, and any New Capacity Zone, to meet minimum capacity requirements, and (ii) the likely projected annual Energy and Ancillary Services revenues of the peaking plant over the period covered by the adjusted ICAP Demand Curves, net of the costs of producing such Energy and Ancillary Services. The cost and revenues of the peaking plant used to set the reference point and maximum value for each ICAP Demand Curve shall be determined under conditions in which the available capacity is equal to the sum of (a) the minimum Installed Capacity requirement and (b) the peaking plant's capacity equal to the number of MW specified in the periodic review and used to determine all costs and revenues. The minimum Installed Capacity requirement for each Locality shall be equal to the Locational Minimum Installed Capacity Requirement in effect for the year in which the independent consultant's final report (referenced below in Section 5.14.1.2.1.6) is issued; for the NYCA, equal to the NYCA Minimum Installed Capacity Requirement based on the Installed Reserve Margin accepted by the Commission and applicable to the Capability Year which begins in the Capability Year in which the independent consultant's final report is issued; and for any New Capacity Zone, equal to the Indicative NCZ Locational Minimum Installed Capacity Requirement determined by the ISO in accordance with Section 5.16.3. The periodic review

shall also assess (i) the appropriate shape and slope of the ICAP Demand Curves, and the associated point at which the dollar value of the ICAP Demand Curves should decline to zero; (ii) the appropriate translation of the annual net revenue requirement of the peaking plant determined from the factors specified above, into monthly values that take into account seasonal differences in the amount of capacity available in the ICAP Spot Market Auctions; and (iii) the escalation factor and inflation component of the escalation factor applied to the ICAP Demand Curves. For purposes of this periodic review, a peaking unit is defined as the unit with technology that results in the lowest fixed costs and highest variable costs among all other units' technology that are economically viable, and a peaking plant is defined as the number of units (whether one or more) that constitute the scale identified in the periodic review.

The periodic review shall be conducted in accordance with the schedule and procedures specified in the ISO Procedures. A proposed schedule will be reviewed with the stakeholders not later than May 30 of the year prior to the year of the filing specified in Section 5.14.1.2.1.11. The schedule and procedures shall provide for:

5.14.1.2.1.1 ISO development, with stakeholder review and comment, of a request for proposals to provide independent consulting services to determine recommended values for the factors specified above, and appropriate methodologies for such determination;

5.14.1.2.1.2 Selection of an independent consultant in accordance with the request for proposals;

5.14.1.2.1.3 Submission to the ISO and the stakeholders of a draft report from the independent consultant on the independent consultant's determination of recommended values for the factors specified above;

5.14.1.2.1.4 Stakeholder review of and comment on the data, assumptions and conclusions in the independent consultant's draft report, with participation by the responsible person or persons providing the consulting services;

5.14.1.2.1.5 An opportunity for the Market Monitoring Unit to review and comment on the draft request for proposals, the independent consultant's report, and the ISO's proposed ICAP Demand Curves (the responsibilities of the Market Monitoring Unit that are addressed in this section of the Services Tariff are also addressed in Section 30.4.6.3.1 of Attachment O);

5.14.1.2.1.6 Issuance by the independent consultant of a final report;

5.14.1.2.1.7 Issuance of a draft of the ISO's recommended adjustments to the ICAP Demand Curves for stakeholder review and comment;

5.14.1.2.1.8 Issuance of the ISO's proposed ICAP Demand Curves, taking into account the report of the independent consultant, the recommendations of the Market Monitoring Unit, and the views of the stakeholders together with the rationale for accepting or rejecting any such inputs;

5.14.1.2.1.9 Submission of stakeholder requests for the ISO Board of Directors to review and adjust the ISO's proposed ICAP Demand Curves;

5.14.1.2.1.10 Presentations to the ISO Board of Directors of stakeholder views on the ISO's proposed ICAP Demand Curves; and

5.14.1.2.1.11 Filing with the Commission of ICAP Demand Curves as approved by the ISO Board of Directors incorporating the results of the periodic review, such filing to be made not later than November 30 of the year prior to the year that includes the beginning of the first Capability Year to which such ICAP Demand

Curves would be applied. The filing shall specify ICAP Demand Curves for a period of three Capability Years and the inflation rate component of the escalation factor applied to the ICAP Demand Curves.

Upon FERC approval, the ICAP Demand Curves will be translated into Unforced Capacity terms in accordance with the ISO Procedures; provided that nothing in this Tariff shall be construed to limit the ability of the ISO or its Market Participants to propose and adopt alternative provisions to this Tariff through established governance procedures.

5.14.1.2.2 Periodic Reviews of ICAP Demand Curves Applicable Beginning with the 2017/2018 Capability Year

Beginning with the ICAP Demand Curves applicable for the 2017/2018 Capability Year, a periodic review of the ICAP Demand Curves shall be performed every four (4) years in accordance with the ISO Procedures to: (i) identify the methodologies and inputs used for determining the ICAP Demand Curves for the four Capability Years covered by the periodic review; and (ii) establish the ICAP Demand Curves for the first Capability Year covered by the periodic review.

The periodic review shall assess: (i) the current localized levelized embedded cost of a peaking plant in each NYCA Locality, the Rest of State, and any New Capacity Zone, to meet minimum capacity requirements (for purposes of this Section 5.14.1.2.2 hereinafter referred to as the "peaking plant gross cost"); and (ii) the likely projected annual Energy and Ancillary Services revenues of the peaking plant for the first Capability Year covered by the periodic review, net of the costs of producing such Energy and Ancillary Services (for purposes of this Section 5.14.1.2.2 hereinafter referred to as the "net Energy and Ancillary Services revenue offset"), including the methodology and inputs for determining such projections for the four Capability Years covered by the periodic review.

The cost and revenues of the peaking plant used to set the reference point and maximum value for each ICAP Demand Curve shall be determined under conditions in which the available capacity is equal to the sum of (a) the minimum Installed Capacity requirement and (b) the peaking plant's capacity equal to the number of MW specified in the periodic review and used to determine all costs and revenues (for purposes of this Section 5.14.1.2.2 hereinafter referred to as the "prescribed level of excess"). The minimum Installed Capacity requirement for each Locality shall be equal to the Locational Minimum Installed Capacity Requirement in effect for the year in which the independent consultant's final report (referenced below in Section 5.14.1.2.2.4.6) is issued; for the NYCA, equal to the NYCA Minimum Installed Capacity Requirement based on the Installed Reserve Margin accepted by the Commission and applicable to the Capability Year which begins in the Capability Year in which the independent consultant's final report is issued; and for any New Capacity Zone, equal to the Indicative NCZ Locational Minimum Installed Capacity Requirement determined by the NYISO in accordance with Section 5.16.3.

Beginning with the ICAP Demand Curves applicable for 2025/2026 Capability Year, the determination of the reference point and maximum value for each ICAP Demand Curve for a given Capability Year shall account for conditions reflecting the prescribed level of excess and seasonal differences in the amount of capacity available in ICAP Spot Market Auctions. For a given Capability Year, the Capability Period in which more capacity is expected to be available in the ICAP Spot Market Auctions due to seasonal differences in availability shall utilize conditions that account for the prescribed level of excess and the additional capacity available due to such seasonal differences, while the Capability Period in which less capacity is expected to be available in the ICAP Spot Market Auctions due to seasonal differences in availability shall

utilize conditions that account for only the prescribed level of excess (for purposes of this Section 5.14.1.2.2 hereinafter referred to as the "reference point assumed excess conditions").

The periodic review shall also assess (i) the appropriate shape and slope of the ICAP Demand Curves, and the associated point at which the dollar value of the ICAP Demand Curves should decline to zero; (ii) the appropriate translation of the annual net revenue requirement of the peaking plant determined from the factors specified above, into monthly values that take into account seasonal differences in the amount of capacity available in the ICAP Spot Market Auctions in accordance with the methodology set forth in Section 5.14.1.2.2.3; and (iii) the escalation factor and inflation component of the escalation factor applied to the peaking plant gross cost, including the methodology and inputs for determining such values.

Beginning with the ICAP Demand Curves applicable for 2025/2026 Capability Year, the translation of the annual net revenue requirement of each applicable peaking plant into monthly values, in accordance with ISO Procedures, shall result in the determination of ICAP Demand Curves for each Capability Period encompassed by the Capability Year for which such ICAP Demand Curves will be in effect. The translation of the annual net revenue requirement of each peaking plant into monthly values shall also account for seasonal reliability risks in determining the portion of the annual net revenue requirement to be recovered during each Capability Period under the reference point assumed excess conditions. In accordance with ISO Procedures, seasonal reliability risks shall be accounted for based on the percentage of loss of load risk attributed to each Capability Period as identified in the results produced by the preliminary base case model approved by the NYSRC for determining the NYCA Installed Reserve Margin applicable to the Capability Year for which the applicable ICAP Demand Curves will be in effect. The translation of each annual net revenue requirement into monthly values shall also be

subject to maximum and minimum percentages of the allowable portion of the annual net revenue requirement recoverable in each Capability Period under the reference point assumed excess conditions. The applicable maximum and minimum allowable percentage values shall initially be set at 65 percent and 35 percent, respectively. Beginning with the periodic review that includes establishment of the ICAP Demand Curves applicable for the 2029/2030 Capability Year, each periodic review shall assess such maximum and minimum allowable percentage values. Any adjustments to the maximum and minimum allowable percentage values shall be identified in the filing referenced in Section 5.14.1.2.2.4.11 below and remain fixed for the entire period covered by the applicable periodic review.

For purposes of this periodic review, a peaking unit is defined as the unit with technology that results in the lowest fixed costs and highest variable costs among all other units' technology that are economically viable, and a peaking plant is defined as the number of units (whether one or more) that constitute the scale identified in the periodic review.

In the filing referenced in Section 5.14.1.2.2.4.11 below, the ISO will: (i) identify the methodologies and inputs used for determining the ICAP Demand Curves for the four Capability Years covered by the periodic review; and (ii) propose the ICAP Demand Curves for the first Capability Year covered by the periodic review. Except as it relates to the ICAP Demand Curves set forth in Section 5.14.1.2.2.5 that are applicable for all months covered by the 2020/2021 Winter Capability Period, for the subsequent three Capability Years covered by the periodic review, the ISO will establish the ICAP Demand Curves for each such Capability Year by updating the following factors in advance of each such subsequent Capability Year: (i) the peaking plant gross cost in accordance with Section 5.14.1.2.2.1; (ii) the net Energy and Ancillary Services revenue offset in accordance with Section 5.14.1.2.2.2; (iii) the seasonal

amount of capacity available in ICAP Spot Market Auctions in accordance with Section 5.14.1.2.2.3; and (iv) beginning with the ICAP Demand Curves applicable for the 2025/2026 Capability Year, the percentage of reliability risk expected in each Capability Period as described above. Except as it relates to the ICAP Demand Curves set forth in Section 5.14.1.2.2.5 that are applicable for all months covered by the 2020/2021 Winter Capability Period, the ISO will post the updated ICAP Demand Curves for each subsequent Capability Year covered by the periodic review on or before November 30th of the calendar year immediately preceding the calendar year that includes the start of the Capability Year for which the updated ICAP Demand Curves will apply.

5.14.1.2.2.1 Annual Updates for Peaking Plant Gross Cost

For purposes of the annual updates to the ICAP Demand Curves, the ISO shall determine updated values for the peaking plant gross cost for each peaking plant. Updated values for the peaking plant gross cost shall be determined by application of an escalation factor to the peaking plant gross cost values underlying the ICAP Demand Curves for the first Capability Year covered by the periodic review. The escalation factor shall consist of the following four components: (i) changes in construction material costs ("materials component"); (ii) changes in turbine generator costs ("turbine component"); (iii) changes in labor costs ("labor component"); and (iv) changes in the general cost of goods and services ("general component"). The escalation factor shall be equal to the sum of the: (i) the percentage change in the applicable index for the materials component, multiplied by the applicable weighting factor for such component; (ii) the percentage change in the applicable index for the turbine component, multiplied by the applicable weighting factor for such component; (iii) the percentage change in the applicable index for the labor component, multiplied by the applicable weighting factor for

such component; and (iv) the percentage change in the applicable index for the general component, multiplied by the applicable weighting factor for such component. For purposes of determining the percentage change for each component, the values utilized from each applicable index shall be as follows: (i) for indices that publish annual values, the most recently available annual value and the corresponding annual value for the calendar year that contained the most recently available finalized values established by the publisher for the applicable index as of October 1st in the same calendar year as the filing required by Section 5.14.1.2.2.4.11 ("baseline period"); (ii) for indices that publish monthly values, the average value of the three most recently available monthly values and the average value of values for the same three months from the baseline period; and (iii) for indices that publish quarterly values, the value of the most recently available calendar quarter and the value for the same calendar quarter from the baseline period. The applicable values to be used by the ISO shall be the available finalized values established by the publisher for each index as of October 1st of the same calendar year as the applicable November 30th deadline for posting the updated ICAP Demand Curves. The ISO shall not use any preliminary values published by an index in determining the applicable percentage change for any component of the escalation factor. The weighting factors applied to each component shall be determined as part of the periodic review, identified in the filing required by Section 5.14.1.2.2.4.11 and remain fixed for the entire period covered by the periodic review. The specified index for each component shall likewise be determined as part of the periodic review, identified in the filing required by Section 5.14.1.2.2.4.11 and remain fixed for the entire period covered by the periodic review, unless an index is eliminated, replaced or otherwise terminated by the publisher thereof during the period covered by the periodic review. In such circumstance, the ISO shall utilize the replacement or successor index established by the publisher, if any, or,

in the absence of a replacement or successor index, shall select as a replacement a substantially similar index.

5.14.1.2.2.2 Annual Updates for Net Energy and Ancillary Revenue Offset

For purposes of the annual updates to the ICAP Demand Curves, the ISO shall also determine updated values for the net Energy and Ancillary Services revenue offset associated with each peaking plant. Updated values for the net Energy and Ancillary Services revenue offset shall, in part, be determined using a net revenue model that will be developed as part of the periodic review, utilized in determining the net Energy and Ancillary Services revenue offset associated with each peaking plant for the first Capability Year covered by the periodic review, and made available to stakeholders. For purposes of the annual updates to the ICAP Demand Curves for the remaining three Capability Years covered by the periodic review, the selected model for each peaking plant shall be updated for each such Capability Year with data and inputs that reflect the most recent information for the prior 36 month period ending August 31st of the same calendar year as the applicable November 30th deadline for posting the updated ICAP Demand Curves. The model will, at a minimum, determine whether each peaking plant could earn positive net revenue by producing Energy in each applicable time interval, as determined during the periodic review, based on historical prices and the variable costs for each peaking plant over the prior 36 month period ending August 31st of the same calendar year as the applicable November 30th deadline for posting the updated ICAP Demand Curves, as well as the physical operating characteristics of each peaking plant and any operating hours constraints necessary to address any applicable environmental requirements and/or fuel availability. The commitment and dispatch logic and data sources and/or inputs used by the model, as well as the manner in which the model accounts for net Ancillary Services revenues earned by each peaking

plant, the physical operating characteristics of each peaking plant and any operating hours constraints applicable to each peaking plant that are necessary to address any applicable environmental requirements and/or fuel availability, will be determined as part of the periodic review, identified in the filing required by Section 5.14.1.2.2.4.11 and remain fixed for the entire period covered by the periodic review, subject to annual updating of certain data inputs used by the model as described herein.

The model will determine whether each peaking plant could earn positive net revenue by producing Energy in each applicable time interval during the period encompassed by the model in a manner consistent with the following equation:

$$Net\ Energy\ revenue_{z,t} = max(([Output_{z,t} * (LOE_{z,t} * LBMP_{z,t})] - MC_{z,t}),0)$$

where:

t = the applicable time interval selected for assessing whether a peaking plant could earn positive net revenue by producing Energy. For Day-Ahead, the time interval shall be one-hour increments. For real-time, the time interval may be either: (1) one-hour increments, or (2) the applicable RTD interval increments. The determination of the applicable selected time interval to be used in real-time for each peaking plant shall: (1) be determined as part of the periodic review based on the physical operating characteristics of each peaking plant; (2) be identified in the filing required by Section 5.14.1.2.2.4.11; and (3) remain fixed for the entire period covered by the periodic review;

$Ouput_{z,t}$ = the quantity of Energy produced by the peaking plant for Load Zone *z* in time interval *t*;

$LOE_{z,t}$ = the applicable adjustment factor for Load Zone *z* and time interval *t* used to adjust for the prescribed level of excess. The adjustment factors shall be determined as part of the periodic

review, identified in the filing required by Section 5.14.1.2.2.4.11 and remain fixed for the entire period covered by the periodic review;

$LBMP_{z,t}$ = for Day-Ahead, the Day-Ahead zonal LBMP for Load Zone *z* and time interval *t*. For real-time: (1) if the time interval used for the peaking plant is one-hour increments, the time-weighted/integrated zonal RTD LBMP for Load Zone *z* and time interval *t*; or (2) if the time interval utilized for the peaking plant is the applicable RTD interval increments, the zonal RTD LBMP for Load Zone *z* and time interval *t*;

$MC_{z,t}$ = variable (or short-run marginal) cost of the peaking plant for Load Zone *z* to produce Energy in time interval *t*, calculated as follows:

$$MC_{z,t} = [(HR_{z,t} * Fuel_{z,t}) + VOM_{z,t} + ASC_{z,t} + EC_{z,t} + RS1_{z,t}] * Output_{z,t}$$

where:

$HR_{z,t}$ = the heat rate of the peaking plant for Load Zone *z* and time interval *t*. The heat rate for the peaking plant shall be determined as part of the periodic review, identified in the filing required by Section 5.14.1.2.2.4.11 and remain fixed for the entire period covered by the periodic review;

$Fuel_{z,t}$ = the applicable fuel cost for the peaking plant for Load Zone *z* and time interval *t*, which shall be the lesser of the primary fuel cost and the backup fuel cost, if any, for the peaking plant for Load Zone *z*. The primary fuel and any backup fuel for the peaking plant for Load Zone *z* shall be determined as part of the periodic review, identified in the filing required by Section 5.14.1.2.2.4.11 and remain fixed for the entire period covered by the periodic review. The applicable fuel cost will be based on the applicable daily spot price for Load Zone *z* published in the specified data source determined as part of the periodic review (unless such data source is revised for the reasons described below), plus an adder to account for any applicable

transportation and delivery costs and any applicable fuel taxes, which adder shall be determined as part of the periodic review, identified in the filing required by Section 5.14.1.2.2.4.11 and remain fixed for the entire period covered by the periodic review. For real-time evaluations only, the otherwise applicable fuel cost shall be increased by the applicable real-time fuel premium adder for Load Zone *z* and time interval *t*, which adder shall be determined as part of the periodic review, identified in the filing required by Section 5.14.1.2.2.4.11 and remain fixed for the entire period covered by the periodic review. The data sources used for determining the applicable daily spot fuel prices shall be determined as part of the periodic review, identified in the filing required by Section 5.14.1.2.2.4.11 and remain fixed for the entire period covered by the periodic review, unless the specified data source is eliminated, replaced or otherwise terminated by the publisher thereof during the period covered by the periodic review. In such circumstance, the ISO shall utilize the replacement or successor data source established by the publisher, if any, or, in the absence of a replacement or successor data source, shall select as a replacement a substantially similar data source;

$VOM_{z,t}$ = variable operating and maintenance cost of the peaking plant for Load Zone *z* and time interval *t*, which cost shall be determined as part of the periodic review, identified in the filing required by Section 5.14.1.2.2.4.11 and remain fixed for the entire period covered by the periodic review;

$ASC_{z,t}$ = amortized start-up cost for the peaking plant for Load Zone *z* and time interval *t*. The model will ensure that the total value of this cost is recovered over the number of consecutive time intervals for which the model determines that the peaking plant should be committed or dispatched to produce Energy following each start of the peaking plant in the same market (Day-Ahead or real-time); provided, however, that in real-time, start-up costs must be recovered over a

period of no more than two consecutive hours following the time at which the model determines that the peaking plant should be dispatched to produce Energy;

$EC_{z,t}$ = the sum of CO_2, NO_x and SO_2 emissions allowance costs for the peaking plant for Load Zone *z* and time interval *t*, which shall be calculated as follows:

$$EC_{z,t} = (CO_2 \text{ emissions rate}_{z,t} * CO_2 \text{ allowance price}_{z,t}) + (NO_x \text{ emissions rate}_{z,t} * NO_x \text{ allowance price}_{z,t}) + (SO_2 \text{ emissions rate}_{z,t} * SO_2 \text{ allowance price}_{z,t})$$

where:

The applicable emissions rates for the peaking plant for Load Zone *z* and time interval *t* shall be determined as part of the periodic review, identified in the filing required by Section 5.14.1.2.2.4.11 and remain fixed for the entire period covered by the periodic review. The applicable allowance price for each emissions type shall be the price reported by the specified data source for each emissions type determined as part of the periodic review (unless such data source is revised for the reasons described below). The data sources for allowance prices shall be determined as part of the periodic review, identified in the filing required by Section 5.14.1.2.2.4.11 and remain fixed for the entire period covered by the periodic review, unless a specified data source is eliminated, replaced or otherwise terminated by the publisher thereof during the period covered by the periodic review. In such circumstance, the ISO shall utilize the replacement or successor data source established by the publisher, if any, or, in the absence of a replacement or successor data source, shall select as a replacement a substantially similar data source; and

$RS1_{z,t}$ = the applicable charges for the ISO annual budget and the annual FERC fee assessed to Injection Billing Units for Load Zone *z* and time interval *t* in accordance with Rate Schedule 1 of the ISO OATT.

The results of the model will be used to determine an average annual net revenue value earned by each peaking plant over the period encompassed by the model. Such value will be increased by an adder to account for the estimated annual value for each Capability Year covered by the periodic review of any applicable net Ancillary Services revenue each peaking plant is eligible to receive payment for and that is not determined by the model, which adder (or methodology for determining such adder) shall be determined as part of the periodic review, identified in the filing required by Section 5.14.1.2.2.4.11 and remain fixed for the entire period covered by the periodic review. The resulting value for each peaking plant shall be the updated net Energy and Ancillary Services revenue offset value to be used in establishing the ICAP Demand Curves for the applicable Capability Year.

5.14.1.2.2.3 Annual Updates for ICAP Demand Curve Parameters

The ISO shall use the updated peaking plant gross cost and the updated net Energy and Ancillary Services revenue offset values in determining the parameters of the ICAP Demand Curves for the applicable Capability Year.

The maximum value for each ICAP Demand Curve shall be established at 1.5 times the monthly value of the applicable updated peaking plant gross cost. Beginning with the ICAP Demand Curves applicable for the 2025/2026 Capability Year, the monthly value of the applicable updated peaking plant gross cost shall, in accordance with ISO Procedures, be determined in a manner consistent with the determination of the reference point for each ICAP Demand Curve to account for: (i) the seasonal amount of capacity available in ICAP Spot Market Auctions; and (ii) the percentage of reliability risks expected in each Capability Period.

The reference point for each ICAP Demand Curve shall be determined in accordance with ISO Procedures and, as described in Section 5.14.1.2.2 above, account for: (i) the seasonal

amount of capacity available in ICAP Spot Market Auctions; and (ii) beginning with the ICAP Demand Curves applicable for the 2025/2026 Capability Year, the percentage of reliability risk expected in each Capability Period. As described in Section 5.14.1.2.2 above, beginning with the ICAP Demand Curves applicable for the 2025/2026 Capability Year, the determination of the reference point for each ICAP Demand Curves shall be subject to maximum and minimum percentages of the allowable portion of the annual net revenue requirement recoverable in each Capability Period under the reference point assumed excess conditions.

Prior to the ICAP Demand Curves applicable for the 2025/2026 Capability Year, the ratio of the amount of capacity available in the ICAP Spot Market Auctions in the Winter Capability Period to the amount of capacity available in the ICAP Spot Market Auctions in the Summer Capability Period (the "winter-to-summer ratio") shall be used in calculating the reference point for each ICAP Demand Curve.

Beginning with the ICAP Demand Curves applicable for the 2025/2026 Capability Year: (i) the winter-to-summer ratio shall be used in calculating the reference point for each ICAP Demand Curve applicable for the Winter Capability Period; and (ii) the ratio of the amount of capacity available in the ICAP Spot Market Auctions in the Summer Capability Period to the amount of capacity available in the ICAP Spot Market Auctions in the Winter Capability Period (the "summer-to-winter ratio") shall be used in calculating the reference point for each ICAP Demand Curve applicable for the Summer Capability Period; provided, however, that if a winter-to-summer ratio or the summer-to-winter ratio is a value less than one, the value shall be deemed to be zero for purposes of determining the applicable reference point.

The seasonal amount of capacity available in ICAP Spot Market Auctions shall be updated annually based on the average amount of capacity available in the ICAP Spot Market

Auctions for the Summer Capability Period months and Winter Capability Period months in each 12-month period (measured from September through the following August) encompassed by the same historical period utilized by the net revenue model. The values used in determining the amount of capacity available in the ICAP Spot Market Auctions shall be the available Unforced Capacity values reported by the ISO and posted on its website for the relevant months, translated to Installed Capacity values based on the applicable translation factors reported by the ISO and posted on its website for each such month. For Resources other than Special Case Resources, the values posted by the ISO shall include the following adjustments to account for ICAP market entry and exit under certain circumstances: (i) if within any of the three 12-month periods (*i.e.*, September through the following August) encompassed by the data used in calculating the amount of capacity available in ICAP Spot Market Auctions, a Resource (other than a Resource returning to participate in the ICAP market from an Inactive Reserves state) begins to qualify as eligible to participate in the ICAP market in any month encompassed by such 12-month period and remains eligible to participate in the ICAP market for the subsequent months encompassed by that period, the ISO shall adjust the values for all months of that 12-month period to include the Resource's applicable available capacity; and (ii) if within any of the three 12-month periods (*i.e.*, September through the following August) encompassed by the data used in calculating the amount of capacity available in ICAP Spot Market Auctions, a Resource is Retired or enters a Mothball Outage or ICAP Ineligible Forced Outage state during any month encompassed by such 12-month period and remains ineligible to participate in the ICAP market for the subsequent months encompassed by that period, the ISO shall adjust the values for all months of that 12-month period to exclude the Resource's applicable available capacity.

The applicable capacity ratings for each peaking plant utilized in calculating the reference point and the point on each ICAP Demand Curve at which the price of ICAP declines to zero shall be determined as part of the periodic review and shall remain fixed for the entire period covered by the periodic review.

Notwithstanding anything to the contrary herein, for purposes of the annual updates for the 2018/2019, 2019/2020 and 2020/2021 Capability Years, the reference point for each ICAP Demand Curve shall not be permitted to increase by an amount greater than twelve percent (12%) or decrease by an amount greater than eight percent (8%) from one Capability Year to the next, compared to the then currently effective reference point for the relevant ICAP Demand Curve. If the reference point value for an ICAP Demand Curve, as calculated by the ISO pursuant to the annual update procedures, for one of the affected Capability Years exceeds the maximum allowable percentage increase or decrease, the reference point established by the ISO for that ICAP Demand Curve for the relevant Capability Year shall be an amount equal to the price that represents the applicable maximum allowable percentage increase or decrease. If an adjusted reference point value is applied to an ICAP Demand Curve for a Capability Year, the maximum allowable percentage increase or decrease for the next Capability Year shall be determined using the adjusted reference point value. As part of the required posting to establish the updated ICAP Demand Curves for each of the affected Capability Years, the ISO will provide the reference point values calculated by the ISO pursuant to the annual update procedures, as well the adjusted reference point values, if any, that result from the application of the limitation described herein. The limitation described above regarding the allowable annual change to the reference point values calculated by the ISO pursuant to the annual update

procedures shall not be applied to the reference point values for any ICAP Demand Curve after the 2020/2021 Capability Year.

The peaking plant gross cost and net Energy and Ancillary Services revenue offset values for the 2021/2022 Capability Year ICAP Demand Curves utilized in determining the parameters of the ICAP Demand Curves applicable through June 30, 2023 are as follows:

	Peaking Plant Gross Cost ($ per kW-year)	Net Energy and Ancillary Services Revenue Offset ($ per kW-year)
NYCA	$107.07	$32.92
G-J	$139.63	$35.15
NYC	$188.53	$33.42
LI	$148.97	$54.15

The peaking plant gross cost and net Energy and Ancillary Services revenue offset values for the 2021/2022 Capability Year ICAP Demand Curves utilized in determining the parameters of the ICAP Demand Curves applicable beginning July 1, 2023 are as follows:

	Peaking Plant Gross Cost ($ per kW-year)	Net Energy and Ancillary Services Revenue Offset ($ per kW-year)
NYCA	$114.75	$32.92
G-J	$149.78	$35.15
NYC	$196.41	$33.42
LI	$159.77	$54.15

5.14.1.2.2.4 Periodic Review Procedures

The periodic review shall be conducted in accordance with the schedule and procedures specified in the ISO Procedures. A proposed schedule will be reviewed with the stakeholders not later than May 30th of the year prior to the year of the filing specified in Section 5.14.1.2(b).11. The schedule and procedures shall provide for:

5.14.1.2.2.4.1 ISO development, with stakeholder review and comment, of a request for proposals to provide independent consulting services to determine recommended

values for the factors specified above, and appropriate methodologies and inputs for such determination;

5.14.1.2.2.4.2 Selection of an independent consultant in accordance with the request for proposals;

5.14.1.2.2.4.3 Submission to the ISO and the stakeholders of a draft report from the independent consultant on the independent consultant's determination of recommended values for the factors specified above, including, as applicable, the methodologies and inputs for determining such values;

5.14.1.2.2.4.4 Stakeholder review of and comment on the data, assumptions and conclusions in the independent consultant's draft report, with participation by the responsible person or persons providing the consulting services;

5.14.1.2.2.4.5 An opportunity for the Market Monitoring Unit to review and comment on the draft request for proposals, the independent consultant's report, and the ISO's proposed: (i) methodologies and inputs used for determining the ICAP Demand Curves for the four Capability Years covered by the periodic review; and (ii) ICAP Demand Curves for the first Capability Year covered by the periodic review. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Services Tariff are also addressed in Section 30.4.6.3.1 of Attachment O;

5.14.1.2.2.4.6 Issuance by the independent consultant of a final report;

5.14.1.2.2.4.7 Issuance of a draft of the ISO's recommended: (i) methodologies and inputs used for determining the ICAP Demand Curves for the four Capability Years covered by the periodic review; and (ii) ICAP Demand Curves for the first

Capability Year covered by the periodic review, for stakeholder review and comment;

5.14.1.2.2.4.8 Issuance of the ISO's proposed: (i) methodologies and inputs used for determining the ICAP Demand Curves for the four Capability Years covered by the periodic review; and (ii) ICAP Demand Curves for the first Capability Year covered by the periodic review, taking into account the report of the independent consultant, the recommendations of the Market Monitoring Unit, and the views of the stakeholders together with the rationale for accepting or rejecting any such inputs;

5.14.1.2.2.4.9 Submission of stakeholder requests for the ISO Board of Directors to review and adjust the ISO's proposed: (i) methodologies and inputs used for determining the ICAP Demand Curves for the four Capability Years covered by the periodic review; and (ii) ICAP Demand Curves for the first Capability Year covered by the periodic review;

5.14.1.2.2.4.10 Presentations to the ISO Board of Directors of stakeholder views on the ISO's proposed: (i) methodologies and inputs used for determining the ICAP Demand Curves for the four Capability Years covered by the periodic review; and (ii) ICAP Demand Curves for the first Capability Year covered by the periodic review; and

5.14.1.2.2.4.11 Filing with the Commission of: (i) a description of the methodologies and inputs used for determining the ICAP Demand Curves for the four Capability Years covered by the periodic review; and (ii) the ICAP Demand Curves for the first Capability Year covered by the periodic review, as approved

by the ISO Board of Directors incorporating the results of the periodic review. Such filing will be made not later than November 30th of the year prior to the year that includes the beginning of the first Capability Year covered by the periodic review. The filing will also specify the inflation rate that would have been used to calculate the general component of the escalation factor as if the escalation factor were applicable to the first Capability Year covered by the periodic review. Such inflation rate shall be equal to the twelve month percentage change in the applicable index for the general component, as determined in accordance with Section 5.14.1.2.2.1 utilizing the applicable values of the index as of October 1st in the same calendar year as the November 30th filing deadline specified above. For each of the subsequent three Capability Years encompassed by the periodic review, the value of this inflation rate shall be the twelve month percentage change in the applicable index for the general component of the escalation factor, as determined pursuant to Section 5.14.1.2.2.1, utilizing the most recently available finalized values established by the publisher for the index as of October 1st in the same calendar year as the applicable November 30th deadline for posting the updated ICAP Demand Curves for the Capability Year at issue and the applicable values for the corresponding period from the calendar year immediately preceding thereto.

The ICAP Demand Curves will be translated into Unforced Capacity terms in accordance with the ISO Procedures. Beginning with the 2024/2025 Capability Year, the aforementioned translation shall utilize the applicable derating factor of the peaking plant used to establish each ICAP Demand Curve, as determined during the periodic review conducted pursuant to Section

5.14.1.2.2. Nothing in this Tariff shall be construed to limit the ability of the ISO or its Market Participants to propose and adopt alternative provisions to this Tariff through established governance procedures.

5.14.1.2.2.5 ICAP Demand Curves for the 2020/2021 Winter Capability Period

Notwithstanding anything to the contrary in the ISO Tariffs and ISO Procedures, the ICAP Demand Curves applicable for all months covered by the 2020/2021 Winter Capability Period shall be established at the following points:

ICAP Demand Curve	2020/2021 Winter Capability Period
NYCA	Max @ $16.93 $10.96 @ 100% $0.00 @ 112%
NYC	Max @ $27.92 $23.63 @ 100% $0.00 @ 118%
LI	Max @ $26.03 $17.93 @ 100% $0.00 @ 118%
G-J	Max @ $23.34 $18.00 @ 100% $0.00 @ 115%
NOTE: All dollar figures are in terms of $/kW-month of ICAP and all percentages are in terms of the applicable NYCA Minimum Installed Capacity Requirement and Locational Minimum Installed Capacity Requirement. The defined points describe a line segment with a negative slope that will result in higher values for percentages less than 100% of the NYCA Minimum Installed Capacity Requirement or the Locational Installed Capacity Requirement ("reference point") with the maximum value for each ICAP Demand Curve established at 1.5 times the estimated localized levelized cost per kW-month to develop a new peaking unit in each Locality or in Rest of State, as applicable.	

5.14.1.3 Supplemental Supply Fee

Any LSE that has not met its share of the NYCA Minimum Installed Capacity Requirement or its share of the Locational Minimum Installed Capacity Requirement after the

completion of an ICAP Spot Market Auction, shall be assessed a supplemental supply fee equal to the applicable Market-Clearing Price of Unforced Capacity determined in the ICAP Spot Market Auction multiplied by the number of MWs the LSE needs to meet its share of the NYCA Minimum Installed Capacity Requirement or its share of the Locational Minimum Installed Capacity Requirement.

The ISO will attempt to use these supplemental supply fees to procure Unforced Capacity at a price less than or equal to the applicable Market-Clearing Price of Unforced Capacity determined in the ICAP Spot Market Auction from Installed Capacity Suppliers that are capable of supplying Unforced Capacity including: (1) Installed Capacity Suppliers that were not qualified to supply Capacity prior to the ICAP Spot Market Auction; (2) Installed Capacity Suppliers that offered Unforced Capacity at levels above the ICAP Spot Market Auction Market-Clearing Price; and (3) Installed Capacity suppliers that did not offer Unforced Capacity in the ICAP Spot Market Auction. In the event that different Installed Capacity Suppliers offer the same price, the ISO will give preference to Installed Capacity Suppliers that were not qualified to supply capacity prior to the ICAP Spot Market Auction.

Offers from Installed Capacity Suppliers are subject to review pursuant to the Market Monitoring Plan that is set forth in Attachment O to the Services Tariff, and the Market Mitigation Measures that are set forth in Attachment H to the Services Tariff. Installed Capacity Suppliers selected by the ISO to provide capacity after the ICAP Spot Market Auction will be paid a negotiated price, subject to the standards, procedures and remedies in the Market Mitigation Measures.

The ISO will not pay an Installed Capacity Supplier more than the applicable Market-Clearing Price of Unforced Capacity determined in the ICAP Spot Market Auction per MW of

Unforced Capacity, or, in the case of In-City generation that is subject to Capacity market mitigation measures, the annual mitigated price cap per MW of Unforced Capacity, whichever is less, pro-rated to reflect the portion of the Obligation Procurement Period for which the Installed Capacity Supplier provides Unforced Capacity. Any remaining monies collected by the ISO pursuant to this section will be applied in accordance with Section 5.14.3 of the Services Tariff.

5.14.2 Installed Capacity Supplier Shortfalls and Deficiency Charges

5.14.2.1 General Provisions

In the event that an Installed Capacity Supplier sells in the Capability Period Auctions, in the Monthly Auctions, or through Bilateral Transactions more Unforced Capacity than it is qualified to sell in any specific month due to a de-rating or other cause, the Installed Capacity Supplier shall be deemed to have a shortfall for that month. To cover this shortfall, the Installed Capacity Supplier shall purchase sufficient Unforced Capacity in the relevant Monthly Auction or through Bilateral Transactions, and certify to the ISO consistent with the ISO Procedures that it has covered such shortfall. If the Installed Capacity Supplier does not cover such shortfall or if it does not certify to the ISO in a timely manner, the ISO shall, to the extent the ISO is aware of the shortfall, prospectively purchase Unforced Capacity on behalf of that Installed Capacity Supplier in the appropriate ICAP Spot Market Auction or through post ICAP Spot Market Auction Unforced Capacity purchases to cover the shortfall.

The ISO shall submit a Bid, calculated pursuant to Section 5.14.1 of this Tariff, in the appropriate ICAP Spot Market Auction on behalf of an Installed Capacity Supplier deemed to have a shortfall as if the Installed Capacity Supplier were an LSE. Such Installed Capacity Supplier shall be required to pay to the ISO the applicable Market-Clearing Price of Unforced Capacity established in that ICAP Spot Market Auction. Immediately following the ICAP Spot

Market Auction, the ISO may suspend the Installed Capacity Supplier's privileges to sell or purchase Unforced Capacity in ISO-administered Installed Capacity auctions or to submit Bilateral Transactions to the NYISO. Once the Installed Capacity Supplier pays for or secures the payment obligation that it incurred in the ICAP Spot Market Auction, the ISO shall reinstate the Installed Capacity Supplier's privileges to participate in the ICAP markets.

In the event that the ICAP Spot Market Auction clears below the NYCA Minimum Installed Capacity Requirement or the Locational Minimum Installed Capacity Requirement, whichever is applicable to the Installed Capacity Supplier, and the Installed Capacity Supplier is deemed to have a shortfall, the Installed Capacity Supplier shall be assessed the applicable deficiency charge equal to the applicable Market-Clearing Price of Unforced Capacity determined using the applicable ICAP Demand Curve for that ICAP Spot Market Auction, times the amount of its shortfall.

If an Installed Capacity Supplier is found, at any point during a Capability Period, to have had a shortfall for that Capability Period, *e.g.*, when the amount of Unforced Capacity that it supplies is found to be less than the amount it was committed to supply, the Installed Capacity Supplier shall be retrospectively liable to pay the ISO the monthly deficiency charge equal to one and one-half times the applicable Market-Clearing Price of Unforced Capacity determined using the applicable ICAP Demand Curve for that ICAP Spot Market Auction times the amount of its shortfall for each month the Installed Capacity Supplier is deemed to have a shortfall. If the Installed Capacity Supplier is a RIP or an Aggregator, it may experience a shortfall when, among other reasons, it sells ineligible or unavailable capacity MW associated with a properly or improperly enrolled SCR or Distributed Energy Resource.

The ISO, when evaluating whether an Installed Capacity Supplier has a shortfall, may use either Unforced Capacity data or Installed Capacity data; provided, however, that the ISO shall convert any shortfall MWs based on Installed Capacity data to its Unforced Capacity equivalent prior to calculating the amount of any deficiency charge. All shortfalls shall be measured in MWs in increments of 0.1 MW.

Any remaining monies collected by the ISO pursuant to Section 5.14.1 and 5.14.2 will be applied as specified in Section 5.14.3.

5.14.2.2 Additional Provisions Applicable to External Installed Capacity Suppliers

In addition to the general provisions set forth in Section 5.14.2.1 above that are applicable to External Installed Capacity Suppliers as Installed Capacity Suppliers, the following provisions shall also apply to External Installed Capacity Suppliers.

In the event that an External Installed Capacity Supplier fails to deliver to the NYCA the Energy associated with the Unforced Capacity it committed to the NYCA due to a failure to obtain appropriate transmission service or rights, the External Installed Capacity Supplier shall be deemed to have a shortfall from the last time the External Installed Capacity Supplier "demonstrated" delivery of its Installed Capacity Equivalent ("ICE"), or any part thereof, until it next delivers its ICE or the end of the term for which it certified the applicable block of Unforced Capacity, whichever occurs first, subject to the limitation that any prior lack of demonstrated delivery will not precede the beginning of the period for which the Unforced Capacity was certified. An External Installed Capacity Supplier deemed to have a shortfall shall be required to pay to the ISO a deficiency charge equal to one and one-half times the applicable Market-Clearing Price of Unforced Capacity determined in the ICAP Spot Market Auction for the applicable month, prorated for the number of hours in the month that External Installed Capacity

Supplier is deemed to have a shortfall (i.e., (((deficiency charge ÷ 12 months) ÷ total number of hours in month when shortfall occurred) * number of hours the shortfall lasted) * number of MWs of shortfall).

5.14.2.3 Additional Provisions Applicable to RIPs

In addition to the general provisions set forth in Section 5.14.2.1 above that are applicable to RIPs as Installed Capacity Suppliers, this Section 5.14.2.3 establishes the following four specific shortfalls applicable to RIPs: 1. shortfall for Provisional ACL; 2. shortfall for Incremental ACL; 3. shortfall for SCR Change of Status; and 4. shortfall for RIP portfolio performance. The deficiency charge for any such shortfall shall be equal to the Unforced Capacity equivalent of the shortfall multiplied by one and one-half times the applicable Market-Clearing Price of Unforced Capacity determined using the applicable ICAP Demand Curve for the ICAP Spot Market Auction for each month the RIP is deemed to have a shortfall.

There are three distinct measures of shortfall that are applicable to a RIP, described in this Section 15.4.2.3, where individual SCRs that have been enrolled with a Provisional ACL or an Incremental ACL, or that experience a SCR Change of Status may result in a shortfall. When a RIP is subject to multiple deficiency charges for the same SCR for the same Capability Period, the ISO shall assess to the RIP only the greatest deficiency charge related to such SCR. In addition, if the shortfall results in a reduction in the performance of a SCR, the ISO may recover from the RIP any energy payments for which the SCR was ineligible to receive.

5.14.2.3.1 Shortfall for Provisional ACL

Prior to the Summer 2014 Capability Period if the Installed Capacity Supplier is a Responsible Interface Party, after each Special Case Resource with a Provisional Average Coincident Load has its Average Coincident Load determined for the Capability Period in which

it had a Provisional Average Coincident Load (such determination in accordance with ISO Procedures and without regard to whether the resource was registered to the same Responsible Interface Party at the time of the ACL determination), the ISO shall determine if there is a shortfall due to the Provisional Average Coincident Load being higher than the Average Coincident Load. This shortfall will be equal to the value, if positive, of (x) the sum of (i) the amount of UCAP a Responsible Interface Party sold in an Monthly or an ICAP Spot Market Auction or certified Bilateral Transactions for a Special Case Resource and (ii) the Special Case Resource's actual metered demand for the month in accordance with ISO Procedures, minus (y) the Special Case Resource's Average Coincident Load. If the ISO does not receive data to determine the Average Coincident Load in accordance with ISO Procedures, for each Capability Period a Special Case Resource had a Provisional Average Coincident Load, for purposes of determining the shortfall, the Average Coincident Load shall equal zero.

Beginning with the Summer of 2014 Capability Period if the Installed Capacity Supplier is a Responsible Interface Party, after each SCR with a Provisional ACL has its Verified ACL determined for the Capability Period in which it had a Provisional ACL (such determination in accordance with Section 5.12.11.1 and ISO Procedures) the ISO shall determine if there is a shortfall due to the Provisional ACL being greater than the Verified ACL. This shortfall shall be equal to the value, if positive, of (x) the Provisional ACL of the SCR, minus (y) the Verified ACL of the SCR. The shortfall calculated for the SCR for a month shall not exceed the amount of Installed Capacity associated with the SCR that was sold for that month. If the ISO does not receive data to determine the SCR's Verified ACL for the Capability Period for which the SCR was enrolled with a Provisional ACL the Verified ACL shall equal zero.

5.14.2.3.2 Shortfall for Incremental ACL

If the Installed Capacity Supplier is a RIP that reported an Incremental ACL, the ISO shall determine there is a shortfall when the Net ACL is greater than the Verified ACL. This shortfall shall be equal to the value, if positive, of (x) the enrolled Net ACL of the SCR, minus (y) the Verified ACL of the SCR for each month in which the RIP sold the SCR's Installed Capacity. The shortfall calculated for the SCR for a month shall not exceed the amount of Installed Capacity associated with the SCR that was sold for that month. If the ISO does not receive data to determine the Verified ACL for each month within the Capability Period that the SCR was enrolled with an Incremental ACL, the Monthly ACL for each unreported month shall equal zero (0) and be used in the calculation of the Verified ACL in accordance with Section 5.12.11.1.5.

5.14.2.3.3 Shortfall for SCR Change of Status

If the Installed Capacity Supplier is a RIP, and a SCR Change of Status occurs, the ISO shall determine if a shortfall exists, based on the RIP's reporting of the SCR Change of Status.

When a SCR Change of Status is reported by the RIP in advance and no Installed Capacity associated with the SCR has been sold, a shortfall has not occurred. If the SCR Change of Status is reported by the RIP, but the Installed Capacity associated with the SCR has already been sold for one or more months a shortfall exists for these months, the shortfall shall be equal to the reduction to the ACL reported in the SCR Change of Status, but shall not exceed the amount of Installed Capacity sold for each month.

When the RIP fails to report the SCR Change of Status during the Capability Period, for each month in which the SCR's Installed Capacity was sold and the SCR Change of Status was in effect, the ISO shall determine the shortfall MW using the maximum one hour metered Load

for the month. The shortfall amount for each month in which the SCR Change of Status was in effect shall equal the value of SCR ACL minus the maximum one hour metered Load for the month, but shall not exceed the SCR's Installed Capacity sold for the month.

5.14.2.3.4 Shortfall for RIP Portfolio Performance

In addition to the shortfall evaluations based on individual SCRs, a RIP is subject to a shortfall evaluation, by Load Zone, for its entire SCR portfolio. In this evaluation the shortfall shall be determined for each Load Zone separately. A shortfall will occur if the total of the amount of UCAP sold by the RIP for a month in a Capability Period Auction or a Monthly Auction and certified prior to that month's ICAP Spot Market Auction, the UCAP sold in that month's ICAP Spot Market Auction, and the UCAP sold as a Bilateral Transaction and certified prior to that month's ICAP Spot Market Auction is greater than the greatest quantity MW reduction achieved during a single hour in a test or event called by the ISO in the Capability Period as confirmed by data by the ISO in accordance with ISO Procedures (or the value of zero if data is not received by the ISO in accordance with such procedures).

5.14.2.3.5 Shortfall for Failure to Validate or Maintain Elected Firm Fuel Capability

Starting with the Capability Year beginning May 1, 2025, if an Installed Capacity Supplier elects to demonstrate any amount of firm fuel capability, receives a Capacity Accreditation Factor reflecting such firm fuel capability, and (i) does not satisfy the applicable requirements of Section 5.12.15 of the Services Tariff and the ISO Procedures to validate its unit's fuel supply by December 1 of the subject Capability Year, or (ii) is unable to maintain the confirmed level of firm fuel supply during December, January, and February of the Winter Capability Period in the subject Capability Year, the Installed Capacity Supplier shall be subject

to a deficiency charge for each month within the Capability Year in which there was a shortfall calculated as set forth below.

A shortfall shall be deemed to occur when the total amount of Unforced Capacity that an Installed Capacity Supplier sold in a Capability Period Auction, Monthly Auction, ICAP Spot Market Auction, and/or certified as sold through one or more Bilateral Transactions in any specific month is greater than the Unforced Capacity that the Installed Capacity Supplier would have been qualified to supply based upon the firm fuel capability the Installed Capacity Supplier is able to validate or maintain. In the event that the unit's fuel supply is not validated by December 1 of the subject Capability Year, the Installed Capacity Supplier will be evaluated for a shortfall for the entire subject Capability Year. In the event the unit's fuel supply is validated by December 1 of the subject Capability Year, but subsequently some or all of the firm fuel supply cannot be maintained, the Installed Capacity Supplier will be evaluated for a shortfall for the months in the Capability Year for which some or all of the firm fuel supply was not maintained and the Installed Capacity Supplier was unable to reestablish its firm fuel supply in accordance with ISO Procedures.

When an Installed Capacity Supplier is deemed to have such a shortfall, the deficiency charge assessed to the Installed Capacity Supplier shall be calculated as equal to one and one-half times the applicable Market-Clearing Price of Unforced Capacity determined using the applicable ICAP Demand Curve for that ICAP Spot Market Auction times the amount of its shortfall for each month the Installed Capacity Supplier is deemed to have a shortfall; provided however, if such shortfall is due to the actions of a third party that are outside the Installed Capacity Supplier's control, and the NYISO is able to confirm that the shortfall is the result of actions of a third party that are outside the Installed Capacity Supplier's control in accordance

with the ISO Procedures, the deficiency charge assessed to the Installed Capacity Supplier shall be calculated as equal to the applicable Market-Clearing Price of Unforced Capacity determined using the applicable ICAP Demand Curve for that ICAP Spot Market Auction times the amount of its shortfall for each month the Installed Capacity Supplier is deemed to have a shortfall.

5.14.3 Application of Installed Capacity Supplier Deficiency Charges

Any remaining monies collected by the ISO through supplemental supply fees or Installed Capacity Supplier deficiency charges pursuant to Section 5.14.1 but not used to procure Unforced Capacity on behalf of LSEs or Installed Capacity suppliers deemed to have a shortfall shall be applied as provided in this Section 5.14.3.

5.14.3.1 General Application of Deficiency Charges

Except as provided in Section 5.14.3.2, remaining monies will be applied to reduce the Rate Schedule 1 charge in the following month.

5.14.3.2 Installed Capacity Rebates

(i) New York City

If an Unforced Capacity shortfall exists during any month, the ISO shall rebate any remaining unspent deficiency charges or supplemental supply fees collected for that month for the New York City Locality allocated among all LSEs in that Locality in proportion to their share of the applicable Locational Minimum Installed Capacity Requirement. Rebates shall include interest accrued between the time payments were collected and the time that rebates are paid.

(ii) Long Island

If an Unforced Capacity shortfall exists during any month, the ISO shall rebate any remaining unspent deficiency charges or supplemental supply fees collected for that month for the Long Island Locality, allocated among all LSEs in that Locality in proportion to their share of the applicable Locational Minimum Installed Capacity Requirement. Rebates shall include interest accrued between the time payments were collected and the time that rebates are paid.

(iii) G-J

If an Unforced Capacity shortfall exists during any month, the ISO shall rebate any remaining unspent deficiency charges or supplemental supply fees collected for that month for the G-J Locality, allocated among all LSEs in that Locality in proportion to their share of the applicable Locational Minimum Installed Capacity Requirement. Rebates shall include interest accrued between the time payments were collected and the time that rebates are paid.

(iv) Rest of State

If an Unforced Capacity shortfall exists during any month, the ISO shall rebate any remaining unspent deficiency charges or supplemental supply fees collected for that month for the Rest of State requirements, allocated among all LSEs in each of the Localities and in Rest of State, in proportion to each LSE's share of the NYCA Minimum Installed Capacity Requirement less that LSE's Locational Minimum Installed Capacity Requirement. Rebates shall include interests accrued between the time payments were collected and the time that rebates are paid.

15.3A Rate Schedule "3-A" -Charges Applicable to Suppliers That Are Not Providing Regulation Service

15.3A.1 Persistent Undergeneration Charges

A Supplier, other than a Supplier exempted in Section 15.3A.2 of this Rate Schedule, that is not providing Regulation Service, and persistently operates at a level below its schedule to provide Energy shall pay a persistent undergeneration charge to the ISO, unless its operation is within a tolerance described below, provided, however, no persistent undergeneration charges shall apply to a Fixed Block Unit that has reached a percentage of its Normal Upper Operating Limit, which percentage shall be set pursuant to ISO Procedures and shall be initially set at seventy percent (70%). Persistent undergeneration charges per interval shall be calculated as follows:

$$\text{Persistent undergeneration charge} = \text{Energy Difference} \times \text{Max}(MPRC_{DAM}, MPRC_{RT}) \times \text{Length of Interval in seconds}/3600 \text{ seconds}$$

Where:

Energy Difference in (MW) is determined by subtracting the actual Energy provided by the Supplier from its RTD Base Point Signal for the dispatch interval. The Energy Difference shall be set at zero for any Energy Difference that is otherwise negative or that falls within a tolerance, set pursuant to ISO Procedures, and which shall contain a steady-state and a dynamic component. The steady-state component shall initially be 3% of the Supplier's Normal Upper Operating Limit or Emergency Upper Operating Limit, as applicable, and the dynamic component shall be a time constant that shall initially be set at fifteen minutes;

$MPRC_{DAM}$ is the Regulation Capacity Market Price in the Day-Ahead Market; and

$MPRC_{RT}$ is the Regulation Capacity Market Price in the Real-Time Market.

15.3A.1.1 Overgeneration Charges

An Intermittent Power Resource that depends on wind or solar energy as its fuel, for which the ISO has imposed a Wind and Solar Output Limit that operates at a level above its schedule shall pay an overgeneration charge to the ISO, unless its operation is within a tolerance described below.

Overgeneration charges per interval shall be calculated as follows:

$$\text{Overgeneration charge} = \text{Energy Difference} \times \text{Max}(MPRC_{DAM}, MPRC_{RT}) \times \text{Length of Interval in seconds}/3600 \text{ seconds}$$

Where:

Energy Difference in (MW) is determined by subtracting the RTD Base Point Signal for the dispatch interval from the actual Energy provided by the Intermittent Power Resource for the same interval. The Energy Difference shall be set at zero for any Energy Difference that is otherwise negative or that falls within a tolerance, set pursuant to ISO Procedures, which shall initially be set at 3% of the Supplier's Normal Upper Operating Limit or Emergency Upper Operating Limit, as applicable;

$MPRC_{DAM}$ is the Regulation Capacity Market Price in the Day-Ahead Market; and

$MPRC_{RT}$ is the Regulation Capacity Market Price in the Real-Time Market

15.3A.1.2 Persistent Over-Withdrawal Charges

An Energy Storage Resource, an Aggregation of Energy Storage Resources, or DER Aggregation that includes at least one Withdrawal-Eligible Generator that is (a) scheduled to withdraw Energy, (b) not providing Regulation Services, and (c) persistently withdrawing Energy at a level exceeding its withdrawal schedule, shall pay a persistent over-withdrawal charge to the ISO unless its operation is within the applicable tolerance described below. Persistent over-withdrawal charges per interval shall be calculated as follows:

Persistent Over-Withdrawal Charge = Energy Difference x Max ($MPRC_{DAM,}$ $MPRC_{RT}$) x Length of Interval in seconds/3600 seconds

Where:

Energy Difference in (MW) is determined by subtracting the Resource's actual energy operating level from its RTD Base Point Signal. The Energy Difference shall be set at zero for any Energy Difference that is otherwise negative or that falls within a tolerance, set pursuant to ISO Procedures, and which shall contain a steady-state and a dynamic component. The steady-state component shall initially be an absolute value of 3% of the Resource's Maximum Withdrawal Limit, as applicable, and the dynamic component shall be a time constant that shall initially be set at fifteen minutes;

$MPRC_{DAM}$ is the Regulation Capacity Market Price in the Day-Ahead Market; and

$MPRC_{RT}$ is the Regulation Capacity Market Price in the Real-Time Market.

15.3A.2 Exemptions

The following types of Generator shall not be subject to persistent undergeneration charges:

15.3A.2.1 Generators, except for the Generator of a Behind-the-Meter Net Generation Resource and a Generator in an Aggregation, providing Energy under contracts (including PURPA contracts), executed and effective on or before November 18, 1999, in which the power purchaser does not control the operation of the supply source but would be responsible for payment of the persistent undergeneration or performance charge;

15.3A.2.2 Existing topping turbine Generators and extraction turbine Generators producing electric Energy resulting from the supply of steam to the district steam

system in operation on or before November 18, 1999 and/or Generators utilized in replacing or repowering existing steam supplies from such units (in accordance with good engineering and economic design) that cannot follow schedules, up to a maximum total of 533 MW of such units;

15.3A.2.3 Limited Control Run of River Hydro Resources;

15.3A.2.4 Intermittent Power Resources and Aggregations of Intermittent Power Resources that depend on landfill gas as their fuel;

15.3A.2.5 Intermittent Power Resources and Aggregations of Intermittent Power Resources that depend on wind or solar energy as their fuel;

15.3A.2.6 Prior to the Capability Period beginning May 1, 2025, Capacity Limited Resources, Aggregations of Capacity Limited Resources, Energy Limited Resources and Aggregations of Capacity Limited Resources, to the extent that their real-time Energy injections are equal to or greater than their bid-in upper operating limits but are less than their Real-Time Scheduled Energy Injections. Beginning with the Capability Period beginning May 1, 2025, Energy Limited Resources to the extent that their real-time Energy injections are equal to or greater than their bid-in upper operating limits but are less than their Real-Time Scheduled Energy Injections;

15.3A.2.7 Generators operating in their Start-Up Period or their Shutdown Period and, for Generators comprised of a group of generating units at a single location, which grouped generating units are separately committed and dispatched by the ISO, and for which Energy injections are measured at a single location, each of

the grouped generating units when one of the grouped generating units is operating in its Start-Up or Shutdown Period; and

15.3A.2.8 Generators operating during a Testing Period.

15.3A.2.9 Energy Storage Resources with schedules to withdraw Energy are instead subject to persistent over-withdrawal charges.

For Generators and Resources described in Sections 15.3A.2.1, 15.3A.2.2, 15.3A.2.3, and 15.3A.2.4 above, this exemption shall not apply in an hour if the Generator or Resource has bid in that hour as ISO-Committed Flexible or Self-Committed Flexible.

23.4.5.4 Mitigated UCAP shall be offered in each ICAP Spot Market Auction in accordance with Section 5.14.1.1 of the ISO Services Tariff and applicable ISO procedures, unless (a) it has been exported to an External Control Area or sold to meet Installed Capacity requirements outside the Mitigated Capacity Zone in which the ICAP Supplier is a Pivotal Supplier is located in a transaction that does not constitute physical withholding under the standards specified below, ~~or~~ (b) it is Net Unforced Capacity of a Behind-the-Meter Net Generation Resource that is sold to its Host Load in a transaction that does not constitute physical withholding under the standards specified in Section 23.4.5.4.1(b), or (c) the amount of Unforced Capacity identified that the Installed Capacity Supplier is no longer qualified to supply pursuant to Services Tariff Sections 5.12.15 and 5.14.2.3.5 based on updated or reverified values designating the Unforced Capacity that an Installed Capacity Supplier is qualified to supply for the remainder of the subject Capability Year.

23.4.5.4.1 (a) An export to an External Control Area or sale to meet an Installed Capacity requirement outside the Mitigated Capacity Zone in which the ICAP Supplier or Generator with CRIS MW is electrically located (either of the foregoing being referred to as "External Sale of Capacity") may be subject to audit and review by the ISO to assess whether such action constituted physical withholding of UCAP from a Mitigated Capacity Zone. "External Sale UCAP" shall mean the UCAP equivalent of the External Sale of Capacity if known, or otherwise the reasonably projected UCAP equivalent as determined by the ISO. External Sale UCAP shall be deemed to have been physically withheld on the basis of a comparison between the net revenues from UCAP sales that would have been

earned by the sale of the External Sale UCAP in a Mitigated Capacity Zone and the net revenues earned from the External Sale of Capacity. The comparison shall be made for the period for which capacity is committed (the "Comparison Period") in each of the shortest term organized capacity markets (the "External Reconfiguration Markets") for the area and during the period in which the External Sale of Capacity occurred. External Sale UCAP shall be deemed to have been withheld from a Mitigated Capacity Zone if: (1) the Responsible Market Party for the External Sale UCAP could have made all or a portion of the External Sale UCAP available to be offered in the Mitigated Capacity Zone by buying out of its external capacity obligation through participation in an External Reconfiguration Market and timely meeting the requirements to be qualified as an Installed Capacity Supplier; (2) the net revenues over the Comparison Period from sale in the Mitigated Capacity Zone of the External Sale UCAP that could have been made available for sale in that Locality would have been greater by 15% or more, provided that the net revenues were at least $2.00/kilowatt-month more than the net UCAP revenues from that portion of the External Sale UCAP over the Comparison Period; and (3) the Responsible Market Party for the External Sale UCAP is a Pivotal Supplier, or would otherwise have been deemed a Pivotal Supplier if the External Sale UCAP had been available to be offered in the Mitigated Capacity Zone for the Comparison Period.

(b) Any Mitigated UCAP that is Net Unforced Capacity of a Behind-the-Meter Net Generation Resource that is not offered into the ICAP Spot Market Auction in accordance with Section 23.4.5.2 may be subject to audit and review

by the ISO, and shall be deemed to have been physically withheld unless (i) the Responsible Market Party has obtained a determination from the ISO pursuant to Section 23.4.5.4.3(b) that the sale to its Host Load would not constitute physical withholding, and (ii) the Mitigated UCAP that was the subject of the determination pursuant to Section 23.4.5.4.3(b) is actually sold to its Host Load.

23.4.5.4.2 If Mitigated UCAP or External Sale UCAP is not offered or sold as specified above, the Responsible Market Party for such Installed Capacity Supplier or Generator electrically located in a MCZ Import Constrained Locality shall pay the ISO an amount equal to the product of (A) 1.5 times the difference between the Market-Clearing Price for the Mitigated Capacity Zone in the ICAP Spot Market Auction with and without the inclusion of the Mitigated UCAP or External Sale UCAP and (B) the total of (1) the amount of Mitigated UCAP or External Sale UCAP not offered or sold as specified above, and (2) all other megawatts of Unforced Capacity in the Mitigated Capacity Zone under common Control with such Mitigated UCAP or External Sale UCAP. If the failure to offer was associated with the same period as an External Sale of Capacity, and the failure caused or contributed to an increase in UCAP prices in the Mitigated Capacity Zone of 15 percent or more, provided such increase is at least $2.00/kilowatt-month, the Responsible Market Party for such Generator or UDR project electrically located in a MCZ Import Constrained Locality shall be required to pay to the ISO an amount equal to 1.5 times the difference between the average Market-Clearing Price for the Mitigated Capacity Zone in the ICAP Spot Market Auctions for the relevant Comparison Period with and without the

External Sale of Capacity in those auctions, times the total of (1) the amount of External Sale UCAP not offered or sold as specified above, and (2) all other megawatts of Unforced Capacity in the Mitigated Capacity Zone under common Control with such External Sale UCAP. The ISO will distribute any amounts recovered in accordance with the foregoing provisions among the LSEs serving Loads in regions affected by the withholding in accordance with ISO Procedures.

23.4.5.4.3 (a) Reasonably in advance of the deadline for submitting offers in an External Reconfiguration Market the Responsible Market Party for External Sale UCAP may request the ISO to provide a projection of ICAP Spot Auction clearing prices for the Mitigated Capacity Zone over the Comparison Period for the External Reconfiguration Market. Such requests, and the ISO's response, shall be made in accordance with the deadlines specified in ISO Procedures. Prior to completing its projection of ICAP Spot Auction clearing prices for the Mitigated Capacity Zone over the Comparison Period for the External Reconfiguration Market, the ISO shall consult with the Market Monitoring Unit regarding such price projection. The Responsible Market Party shall be exempt from a physical withholding penalty as specified in Section 23.4.5.4.2, below, if at the time of the deadline for submitting offers in an External Reconfiguration Market its offers, if accepted, would reasonably be expected to produce net revenues from the External Sale of Capacity that exceed the net revenues that would have been realized from sale of the External Sale UCAP in the Mitigated Capacity Zone at the ICAP Spot Auction prices projected by the ISO. The responsibilities of the Market Monitoring Unit that are addressed in this section of

the Mitigation Measures are also addressed in Section 30.4.6.2.8(a) of Attachment O to this Services Tariff.

(b) At least fifteen business days in advance of the opening of the ICAP Spot Market Auction, a Behind-the-Meter Net Generation Resource can request that the ISO make a determination that the sale of Net Unforced Capacity in a Mitigated Capacity Zone to its Host Load does not constitute physical withholding. The Responsible Market Party shall be exempt from a physical withholding penalty as specified in Section 23.4.5.4.2 if the ISO determines that the Behind-the-Meter Net Generation Resource has demonstrated that the Host Load's actual consumption is planned to exceed its Adjusted Host Load, and it has a documented transaction to provide Net Unforced Capacity to its Host Load. Prior to reaching its decision on a request by a Behind-the-Meter Net Generation Resource that its sale of Net Unforced Capacity to its Host Load would not constitute physical withholding, the ISO shall provide its preliminary determination to the Market Monitoring Unit for review and comment. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.8(b) of Attachment O to this Services Tariff.