

## Attachment III

## 2.6 Definitions - F

**Facility Flow-Based Methodology:** As defined in the ISO OATT.

**Fast-Start Resource:** A Generator that (1) submits Start-up Bids and/or Minimum Generation Bids in the Day-Ahead or Real-Time Markets, (2) can respond to instructions to start, synchronize to the NYS Power System and inject Energy within thirty (30) minutes, and (3) has a minimum run time of one hour or less. Fast-Start Resources include but are not limited to Fixed Block Units.

A Fast-Start Resource may be enhanced by an integrated battery component or the addition of a battery, so long as the battery is integrated into the Fast-Start Resource's control system. Such an enhancement may only be used to: (a) decrease start-up time, (b) increase ramp rate, (c) smooth ramp rate, and/or (d) enable the Fast-Start Resource to provide 10-Minute Non-Synchronized Reserve. An enhanced Fast-Start Resource that has not started-up and is not already fully synchronized to the NYS Power System is not eligible to provide Spinning Reserve. An enhanced Fast-Start Resource that is a Fixed Block Unit may not use its battery to add a flexible operating range. An enhanced Dispatchable Fast-Start Resource that has started-up and is fully synchronized to the NYS Power System is eligible to use its battery to supplement the Spinning Reserve it can provide, but must ensure the Spinning Reserves will be sustainable for at least one hour if they are converted to Energy. The battery may not be used to increase the Upper Operating Limit of the Fast-Start Resource. An enhanced Fast-Start Resource is not permitted to be a Withdrawal-Eligible Generator, nor may it use Station Power to charge its battery. Finally, except as set forth above, an enhanced Fast-Start Resource is subject to the same market participation rules and requirements as other Fast-Start Resources.

**Federal Power Act ("FPA"):** The Federal Power Act, as may be amended from time-to-time (See 16 U.S.C. § 796 et seq.).

**Firm Point-To-Point Transmission Service:** Transmission Service under this Tariff that is scheduled between specified Points of Receipt and Delivery pursuant to the ISO OATT. Firm Point-To-Point Transmission Service is service for which the Transmission Customer has agreed to pay the Congestion associated with its service. A Transmission Customer may fix the price of Congestion associated with its Firm Point-To-Point Transmission Service by acquiring sufficient TCCs with the same Points of Receipt and Delivery as its Transmission Service.

**Firm Transmission Service:** Transmission service requested by a Transmission Customer willing to pay Congestion Rent.

**First Settlement:** The process of establishing binding financial commitments on the part of Customers participating in the Day-Ahead Market based on Day-Ahead LBMP.

**Fixed Block Unit:** A Fast-Start Resource that, due to operational characteristics, can only be dispatched in one of two states: either turned completely off, or turned on and run at a fixed capacity level.

**Fixed Price TCC:** As defined in the ISO OATT.

**Forced Outage:** An unscheduled inability of a Market Participant's Generator to produce Energy that does not meet the notification criteria to be classified as a scheduled outage or de-rate as established in ISO Procedures. If the Forced Outage of a Generator starts on or after May 1, 2015, the Forced Outage will expire at the end of the month which contains the 180<sup>th</sup> day of its Forced Outage but may be extended if the Market Participant has Commenced Repair of its Generator.

## 2.19 Definitions - S

**Safe Operations:** Actions which avoid placing personnel and equipment in peril with regard to the safety of life and equipment damage.

**Scarcity Reserve Demand Curve:** A series of quantity/price points that defines the maximum Shadow Price for Operating Reserves to meet a Scarcity Reserve Requirement for which the pricing rules established in Section 15.4.6.1.1(b) of Rate Schedule 4 of this ISO Services Tariff apply corresponding to each possible quantity of Resources that the ISO's software may schedule to satisfy that requirement. A single Scarcity Reserve Demand Curve will apply to the Real-Time Market for each such Scarcity Reserve Requirement.

**Scarcity Reserve Region:** A Load Zone or group of Load Zones containing EDRP and/or SCRs that have been called by the ISO to address the same reliability need, as such reliability need is determined by the ISO.

**Scarcity Reserve Requirement:** A 30-Minute Reserve requirement established by the ISO for a Scarcity Reserve Region in accordance with Rate Schedule 4 of this ISO Services Tariff.

**Scheduled Energy Injections:** As defined in the ISO OATT.

**Scheduled Energy Withdrawals:** As defined in the ISO OATT.

**Scheduled Line:** A transmission facility or set of transmission facilities: (a) that provide a distinct scheduling path interconnecting the ISO with an adjacent control area, (b) over which Customers are permitted to schedule External Transactions, (c) for which the ISO separately posts TTC and ATC, and (d) for which there is the capability to maintain the Scheduled Line actual interchange at the DNI, or within the tolerances dictated by Good Utility Practice. Each Scheduled Line is associated with a distinct Proxy Generator Bus. Transmission facilities shall only become Scheduled Lines after the Commission accepts for filing revisions to the NYISO's tariffs that identify a specific set or group of transmission facilities as a Scheduled Line. The transmission facilities that are Scheduled Lines are identified in Section 4.4.4 of the Services Tariff.

**SCR Aggregation:** One or more Special Case Resources registered by the Responsible Interface Party at a single PTID, with the Load of each Special Case Resource electrically located within the same single Load Zone and the total of all Loads at the PTID greater than or equal to 0.1 MW.

**SCR Change of Load:** A decrease in the Load of the SCR that meets the criteria of a Qualified Change of Load Condition and the SCR Load Change Reporting Threshold in accordance with this Services Tariff and results in a total Load reduction, within the range of hours that corresponds with the Capability Period SCR Load Zone Peak Hours, and the total Load reduction persists for more than seven (7) and less than or equal to sixty (60) continuous days from the first date of the reduction of the Load.

**SCR Change of Status:** The decrease to be treated as an adjustment to the applicable Average Coincident Load of a Special Case Resource when the SCR meets the criteria of a Qualified Change of Status Condition and the SCR Load Change Reporting Threshold in accordance with this Services Tariff and results in a total Load reduction, within the range of hours that corresponds with the Capability Period SCR Load Zone Peak Hours, and the total Load reduction persists for more than sixty (60) continuous days from the first date of the reduction of the Load.

**SCR Load Change Reporting Threshold:** For a Special Case Resource with an applicable ACL greater than or equal to 500 kW, a reduction or increase in total Load not attributable to fluctuations in Load due to weather as described in ISO Procedures, that is equal to or greater than (i) thirty (30) percent of the applicable ACL for any month within the Capability Period, or (ii) five (5) MW in the NYC Locality or ten(10) MW if in any other Load Zone; whichever is less. For SCRs that elect to enroll with an Incremental ACL and do not increase the eligible Installed Capacity associated with the SCR, the RIP may enroll the SCR with a lower percentage change to its total Load increase as specified in Section 5.12.11.1.5 of this Services Tariff.

**SCUC:** Security Constrained Unit Commitment, described in Section 4.2.4 of this ISO Services Tariff.

**Secondary Holder:** As defined in the ISO OATT.

**Second Settlement:** The process of: (1) identifying differences between Energy production, Energy consumption or NYS Transmission System usage scheduled in a First Settlement and actual production, consumption, or usage during the Dispatch Day; and (2) assigning financial responsibility for those differences to the appropriate Customers and Market Participants. Charges for Energy supplied (to replace generation deficiencies or unscheduled consumption), and payments for Energy consumed (to absorb consumption deficiencies or excess Energy supply) or changes in transmission usage will be based on the Real-Time LBMPs.

**Secondary Market:** As defined in the ISO OATT.

**Security Coordinator:** An entity that provides the security assessment and Emergency operations coordination for a group of Control Areas. A Security Coordinator must not participate in the wholesale or retail merchant functions.

**Self-Committed Fixed:** A bidding mode in which a Generator or Aggregation is self-committed and opts not to be Dispatchable over any portion of its operating range.

**Self-Committed Flexible:** A bidding mode in which a Dispatchable Generator or Aggregation follows Base Point Signals within a portion of its operating range, but self-commits.

**Self-Managed Energy Level:** A Bid parameter which when selected indicates that an Energy Storage Resource's, or Aggregation comprised entirely of Energy Storage Resources, Energy Level constraints will not be directly accounted for in the optimization. *See* Sections 4.2.1.3.4 and 4.4.2.1 of this Services Tariff.

**Self-Supply:** The provision of certain Ancillary Services, or the provision of Energy to replace Marginal Losses by a Transmission Customer using either the Transmission Customer's own Generators or generation obtained from an entity other than the ISO.

**Service Agreement:** The agreement, in the form of Attachment A to the Tariff, and any amendments or supplements thereto entered into by a Customer and the ISO of service under the Tariff, or any unexecuted Service Agreement, amendments or supplements thereto, that the ISO unilaterally files with the Commission.

**Service Commencement Date:** The date that the ISO begins to provide service pursuant to the terms of a Service Agreement, or in accordance with the Tariff.

**Settlement:** The process of determining the charges to be paid to, or by, a Customer to satisfy its obligations.

**Shadow Price:** The marginal value of relieving a particular Constraint which is determined by the reduction in system cost that results from an incremental relaxation of that Constraint.

**Shift Factor ("SF"):** A ratio, calculated by the ISO, that compares the change in power flow through a transmission facility resulting from the incremental injection and withdrawal of power on the NYS Transmission System.

**Shutdown Period:** An ISO approved period of time immediately following a shutdown order, such as a zero base point, that has been designated by the Customer, during which unstable operation prevents the unit from accurately following its base points. The Shut-Down Period shall be set to zero for a BTM:NG Resource, an Energy Storage Resource, and an Aggregation.

**Sink Price Cap Bid:** A monotonically increasing Bid curve provided by an entity engaged in an Export, other than an entity submitting a CTS Interface Bid, to indicate the relevant Proxy Generator Bus LBMP at or below which that entity is willing to either purchase Energy in the LBMP Markets or, in the case of Bilateral Transactions, to accept Transmission Service, where the MW amounts on the Bid curve represent the desired increments of Energy that the entity is willing to purchase at various price points.

**Southeastern New York ("SENY"):** An electrical area comprised of Load Zones G, H, I, J, and K, as identified in the ISO Procedures.

**Special Case Resource ("SCR"):** Demand Side Resources whose Load is capable of being interrupted upon demand at the direction of the ISO, and/or Demand Side Resources that have a Local Generator, which is not visible to the ISO's Market Information System and is rated 100 kW or higher, that can be operated to reduce Load from the NYS Transmission System or the distribution system at the direction of the ISO. Special Case Resources are subject to special rules, set forth in Section 5.12.11.1 of this ISO Services Tariff and related ISO Procedures, in order to facilitate their participation in the Installed Capacity market as Installed Capacity Suppliers.

**Special Case Resource Capacity:** The Installed Capacity Equivalent of the Unforced Capacity which has been sold by a Special Case Resource in the Installed Capacity market during the current Capability Period.

**Start-Up Bid:** A Bid parameter that may vary hourly and that identifies the payment a Supplier requires to bring a Generator up to its specified minimum operating level from an offline state or a Demand Side Resource from a level of no Demand Reduction to its specified minimum level of Demand Reduction. If the Supplier is a BTM:NG Resource, Energy Storage Resource, or an Aggregation, it shall not submit a Start-Up Bid.

Start-Up Bids submitted for a Generator that is not able to complete its specified minimum run time (of up to a maximum of 24 hours) within the Dispatch Day are expected to include expected net costs related to the hour(s) that a Generator needs to run on the day following the Dispatch Day in order to complete its minimum run time. The component of the Start-Up Bid that incorporates costs that the Generator expects to incur on the day following the Dispatch Day is expected to reflect the operating costs that the Supplier does not expect to be able to recover through LBMP revenues while operating to meet the Generator's minimum run time, at the minimum operating level Bid for that Generator for the hour of the Dispatch Day in which the Generator is scheduled to start-up. Settlement rules addressing Start-Up Bids that incorporates costs related to the hours that a Generator needs to run on the day following the Dispatch Day on which the Generator is committed are set forth in Attachment C to this ISO Services Tariff.

**Start-Up Period:** An ISO approved period of time immediately following synchronization to the Bulk power system, which has been designated by a Customer and bid into the Real-Time Market, during which unstable operation prevents the unit from accurately following its base points. The Start-Up Period shall be set to zero for a BTM:NG Resource and Energy Storage Resource and an Aggregation.

**Station Power:** Station Power shall mean the Energy used by a Generator:

1. for operating electric equipment located on the Generator site, or portions thereof, owned by the same entity that owns the Generator, which electrical equipment is used by the Generator exclusively for the production of Energy and any useful thermal energy associated with the production of Energy; and
2. for the incidental heating, lighting, air conditioning and office equipment needs of buildings, or portions thereof, that are: owned by the same entity that owns the Generator; located on the Generator site; and
3. used by the Generator exclusively in connection with the production of Energy and any useful thermal energy associated with the production of Energy.

Station Power does not include any Energy: (i) used to power synchronous condensers; (ii) used for pumping at a pumped storage facility or for charging Limited Energy Storage Resources and Energy Storage Resources when that Energy is stored for later injection back to the grid; (iii) provided during a Black Start restoration by Generators that provide Black Start Capability Service; (iv) used by a Resource in an Aggregation; or (v) used by an enhanced Fast-Start Resource to charge its battery.

**Storm Watch:** Actual or anticipated severe weather conditions under which region-specific portions of the NYS Transmission System are operated in a more conservative manner by reducing transmission transfer limits.

**Strandable Costs:** Prudent and verifiable expenditures and commitments made pursuant to a Transmission Owner's legal obligations that are currently recovered in the Transmission Owner's retail or wholesale rate that could become unrecoverable as a result of a restructuring of the electric utility industry and/or electricity market, or as a result of retail-turned-wholesale customers, or customers switching generation or Transmission Service suppliers.

**Stranded Investment Recovery Charge:** A charge established by a Transmission Owner to recover Strandable Costs.

**Study Month:** The calendar month for which the ISO calculates the Monthly Net Benefit Offer Floor, in accordance with Section 4.2.1.9 of the ISO Services Tariff and ISO Procedures.

**Subzone:** That portion of a Load Zone in a Transmission Owner's Transmission District.

**Supplemental Event Interval:** Any RTD interval in which there is a maximum generation pickup or a large event reserve pickup or which is one of the three RTD intervals following the termination of the maximum generation pickup or the large event reserve pickup.

**Supplemental Resource Evaluation ("SRE"):** A determination of (i) the least cost selection of additional Generators or Aggregations, which are to be committed 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 meet the reliability requirements of the Transmission Owner's local system or to meet Load or reliability requirements of the ISO; or (ii) the least cost selection of additional Generators, which are committed to meet forecast Load and reserve requirements over the six-day period that follows the Dispatch Day. An Aggregation or ESR is expected to be available in real-time and capable of injecting Energy at its full capability for all of the SRE commitment hours it receives.

**Supplier:** A Party that is supplying the Capacity, Demand Reduction, Energy and/or associated Ancillary Services to be made available under the ISO OATT or the ISO Services Tariff, including Generators, BTM:NG Resources, Energy Storage Resources, Demand Side Resources, and Aggregations that satisfy all applicable ISO requirements.

**System Resource:** A portfolio of Unforced Capacity provided by Resources located in a single ISO-defined Locality, the remainder of the NYCA, or any single External Control Area, that is owned by or under the control of a single entity, which is not the operator of the Control Area where such Resources are located, and that is made available, in whole or in part, to the ISO.



## **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 scheduling 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 scheduling 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 schedules if it 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<sub>NS</sub>, UOL<sub>ES</sub> 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 15<sup>th</sup> 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, 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<sub>NS</sub>, up to the level of their UOL<sub>ES</sub> (pursuant to ISO Procedures) and/or raise the UOL<sub>NS</sub> of Capacity Limited Resources and Energy Limited Resources to their UOL<sub>E</sub> 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<sub>NS</sub>, up to the level of their UOL<sub>ES</sub> (pursuant to ISO Procedures) and/or raise the UOL<sub>NS</sub> of Energy Limited Resources to their UOL<sub>E</sub> 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.

## **23.2 Conduct Warranting Mitigation**

### **23.2.1 Definitions**

The following definitions are applicable to this Attachment H:

For purposes of Section 23.4.5 of this Attachment H, “**Additional CRIS MW**” shall mean the MW of Capacity for which CRIS was requested for an Examined Facility pursuant to the provisions in ISO OATT Sections 25, 30, 32, or 40 (OATT Attachments S, X, Z, or HH), including either: (i) all, or a portion, of the MW of Capacity of that Examined Facility for which CRIS had not been obtained in prior Class Years through a prior Class Year process, in prior Cluster Studies through a prior Cluster Study Process, or through a transfer completed in accordance with OATT Sections 25 or 40 (OATT Attachment S or HH); and/or (ii) all, or a portion, of an increase in the Capacity of that Examined Facility. Additional CRIS MW does not include any MW quantity of CRIS that is exempt from an Offer Floor pursuant to Section 23.4.5.7.7(a) or (b), Section 23.4.5.7.8, or an increase of 2 MW or less in an Examined Facility’s MW quantity of CRIS obtained pursuant to Section 30.3.2.6 of Attachment X or Section 40.5.6.6 of Attachment HH to the OATT.

“**Additional SDU Study**” shall mean a deliverability study that an Interconnection Customer may elect to pursue as that term is defined in, as applicable, OATT Section 25 or 40 (OATT Attachment S or HH).

For purposes of Section 23.4.5 of this Attachment H, “**Affiliated Entity**” shall mean, with respect to a person or Entity:

- i) all persons or Entities that directly or indirectly control such person or Entity;
- ii) all persons or Entities that are directly or indirectly controlled by or under common control with such person or Entity, and (1) are authorized under ISO Procedures to participate in a market for Capacity administered by the ISO, or (2) possess, directly or indirectly, an ownership, voting or equivalent interest of ten percent or more in a Mitigated Capacity Zone Installed Capacity Supplier;
- iii) all persons or Entities that provide services to such person or Entity, or for which such person or Entity provides services, if such services relate to the determination or submission of offers for Unforced Capacity in a market administered by the ISO or offers of capacity from a Generator electrically located in a MCZ Import Constrained Locality; or
- iv) all persons or Entities, except if for ISP UCAP MW or an RMR Generator, with which such person or Entity has any form of agreement under which such person or Entity has retained or has conferred rights of (i) Control of Unforced Capacity or (ii) the ability to determine the quantity or price of offers to supply capacity from a Generator that has Capacity Resource Interconnection Service, pursuant to the applicable provisions of Attachments S, X, Z, or HH to the ISO OATT and is electrically located in an MCZ Import Constrained Locality, even if such capacity does not meet the requirements to be Unforced Capacity.

In the foregoing definition, “**control**” means the possession, directly or indirectly, of the power to direct the management or policies of a person or Entity, and shall be rebuttably presumed from an ownership, voting or equivalent interest of ten percent or more.

**Catastrophic Failure:** shall mean a Forced Outage initially suffered by a Generator which would have reasonably required a repair time of at least 270 days, from the date of the event resulting in the Forced Outage, had it, or a comparable Forced Outage been suffered at a generating facility that is reasonably the same as or similar to the Generator’s, the owner of which is intending to return it to service. Repair time includes the reasonable number of days for initial clean up, safety inspections, engineering assessment; damage assessment, cost estimates; site prep and clean up, equipment orders, and actual repair, provided the foregoing are necessitated by the Catastrophic Failure. The determination that a Generator has suffered a Catastrophic Failure shall be based on a technical/engineering evaluation, shall be made by the ISO, and may be made at any time following the event that caused the Forced Outage provided that adequate information is provided to the ISO to support such determination.

“**Class Year Study**” means a Class Year Interconnection Facilities Study as that term is defined in OATT Section 25 (OATT Attachment S).

“**Cleared UCAP**” means the amount of MW (rounded down to the nearest tenth of a MW) that had been subject to an Offer Floor but has cleared in accordance with Section 23.4.5.7.

**Cluster Baseline Assessment** means an assessment conducted by the ISO as defined, as applicable, in OATT Section 25 or 40 (OATT Attachment S or HH). Cluster Baseline Assessment shall include the term “Annual Transmission Baseline Assessment” as that term is defined in Section 25 of the ISO OATT (Attachment S).

“**Cluster Study**” means a Cluster Study as that term is defined in OATT Section 40 (OATT Attachment HH).

“Cluster Study Phase I Start Date” shall mean the Phase 1 Study Start Date as that term defined in Section 40.1 to the ISO OATT.

“**Commenced Construction**” shall mean (a) all of the following site preparation work is completed: ingress and egress routes exist; the site on which the Project will be located is cleared and graded; there is power service to the site; footings are prepared; and foundations have been poured consistent with purchased equipment specifications and project design; or (b) the following financial commitments have been made: (i) (A) an engineering, procurement, and construction contract (“EPC”) has been executed by all parties and is effective; or (B) contracts (collectively, “EPC Equivalents”) for all of the following have been executed by all parties and is effective: (1) project engineering, (2) procurement of all major equipment, and (3) construction of the Project, and (ii) the cumulative payments made by the Interconnection Customer under the EPC or EPC Equivalents to the counterparties to those respective agreements is equal to at least thirty (30) percent of the total costs of the EPC or EPC Equivalents.

“**Competitive and Non-Discriminatory Hedging Contract**” shall mean a contract to hedge a risk associated with a product offered in the ISO Administered Markets between a Non-Qualifying Entry Sponsor and the Interconnection Customer, Owner or Operator of an Examined

Facility with a term that shall not exceed three years (inclusive of all options to extend and extensions) and that the ISO determines has been executed pursuant to a procurement process that satisfies the requirements enumerated below. Competitive and Non-Discriminatory Hedging Contracts shall not be deemed to be a non-qualifying contractual relationship that would prevent an Examined Facility from obtaining a Competitive Entry Exemption pursuant to 23.4.5.7.9 of Attachment H of this Services Tariff. The ISO shall determine that a contract is a Competitive and Non-Discriminatory Hedging Contract only if it concludes, and the Non-Qualifying Entry Sponsor executes a certification confirming that, the contract was executed through a procurement process that met all of the following requirements: (A) both new and existing resources satisfy the requirements of the procurement; (B) the requirements of the procurement were fully objective and transparent; (C) the contract was awarded based on the lowest cost offers of qualified bidders that responded to the solicitation; (D) the procurement terms did not restrict the type of capacity resources that may participate in, and satisfy the requirements of, the procurement; (E) the procurement terms did not include selection criteria that could otherwise give preference to new resources; and (F) the procurement terms did not use indirect means to discriminate against existing resources, including, but not limited to, by imposing geographic constraints, unit fuel requirements, maximum unit heat-rate requirements or requirements for new construction.

**“Constrained Area”** shall mean: (a) the In-City area, including any areas subject to transmission constraints within the In-City area that give rise to significant locational market power; and (b) any other area in the New York Control Area that has been identified by the ISO as subject to transmission constraints that give rise to significant locational market power, and that has been approved by the Commission for designation as a Constrained Area.

For purposes of Section 23.4.5 of this Attachment H, **“Control”** with respect to Unforced Capacity shall mean the ability to determine the quantity or price of offers to supply Unforced Capacity from a Mitigated Capacity Zone Installed Capacity Supplier submitted into an ICAP Spot Market Auction; but excluding ISP UCAP MW or UCAP from an RMR Generator.

For purposes of Section 23.4.5.6 of this Attachment H, **“CRIS Transfer Confirmation Date”** shall mean the date in which the transferor and transferee confirms the proposed CRIS transfer (e.g., through a CRIS transfer notification form submitted prior to August 1st for same location CRIS transfers for active facilities looking to transfer CRIS rights for the next Capability Year) and is considered by ISO, in consultation with the Market Monitoring Unit, to be a date which will become, essentially and practicably, an irreversible action for the transferor with respect to effectuating the CRIS transfer and for purposes with respect to the ISO’s issuance of a final physical withholding determination to the transferor.

For purposes of Section 23.4.5.7 **“CRIS MW”** shall mean the MW of Capacity for which CRIS was assigned to a Generator or UDR project pursuant to ISO OATT Sections 25, 30, 32, or 40 (OATT Attachments S, X, Z, or HH).

**“Electric Facility”** shall mean a Generator, an Aggregation or an electric transmission facility.

For purposes of Section 23.4.5 of this Attachment H, **“Entity”** shall mean a corporation, partnership, limited liability corporation or partnership, firm, joint venture, association, joint-



stock company, trust, unincorporated organization or other form of legal or juridical organization or entity.

**“Examined Facility”** shall mean (I) each proposed new Generator and proposed new UDR project, and each existing Generator that has ERIS only and no CRIS, that is a member of the Class Year Study or Cluster Study, Additional SDU Study or Expedited Deliverability Study that requested CRIS , or that requested an evaluation of the transfer of CRIS rights from another location in the Class Year Study or Cluster Study commencing in the calendar year in which the Class Year Study determination is being made (the Capability Periods of expected entry as further described below in this Section, the “Mitigation Study Period”), and (II) each (i) existing Generator that did not have CRIS rights, and (ii) proposed new Generator and proposed new UDR project, provided such Generator under Subsection (i) or (ii) is an expected recipient of transferred CRIS rights at the same location regarding which the ISO has been notified by the transferor or the transferee of a transfer pursuant to, as applicable, Section 25.9.4 of Attachment S or Section 40.18.3 of Attachment HH to the ISO OATT that will be effective on a date within the Mitigation Study Period (“Expected CRIS Transferee”). The term “Examined Facilities” does not include any facility exempt from an Offer Floor pursuant to the provisions of Section 23.4.5.7.7; or any Generator or UDR project that meets the definition of Excluded Facilities below. The term “Generator” includes each Generator that plans to participate in a DER Aggregation. In the case of a Project that is comprised of Co-located Storage Resources or a Project that is a Hybrid Storage Resource, each participating Generator or component facility shall be treated as a separate Examined Facility unless the Developer of the Project certifies that all of the Project’s participating Generators or component facilities qualify as an Excluded Facility, as defined in this Services Tariff, and it is determined to meet the criteria provided in that definition.

**“Exceptional Circumstances”**: shall mean one or more unavoidable circumstances, as determined by the ISO, that individually or collectively render as unavailable the data necessary for the ISO to perform an audit and review of a Market Party, pursuant to Section 23.4.5.6.2 of this Services Tariff. Exceptional Circumstances may include, but are not limited to: the inaccessibility of the physical facility; the inaccessibility of necessary documentation or other data; and the unavailability of information regarding the regulatory obligations with which the Market Party will be required to comply in order to return its Generator to service which regulatory obligations are not yet known but which will be made known by the applicable regulatory authority under existing laws and regulations provided that none of the above described circumstances are the result of delay or inaction by the Market Party. The magnitude of the repair cost, alone, shall not be an Exceptional Circumstance.

**Excluded Facilities** shall mean Resources or UDR project(s) that are qualified to satisfy the goals specified in the New York State Climate Leadership and Community Protection Act, Chapter 106 of the Laws of 2019, as may be amended (“CLCPA”) and such Resources and UDR Projects will not be subject to review by the NYISO under the BSM rules or otherwise subject to an Offer Floor. Excluded Facilities shall include but are not limited to Resources comprised exclusively of one or more the following technologies: energy storage, demand response, wind generation, solar generation, geothermal generation, hydroelectric generation (which may also include generation created by tidal, wave and other ocean activity), and fuel cells that operate without utilizing fossil fuel. Excluded Facilities will also include Resources using additional

technology types not explicitly listed above and UDR projects that satisfy the CLCPA goals, if the Developer, Owner or Operator of the Resource or UDR project certifies in accordance with Section 23.4.5.7.5 of this Services Tariff and ISO Procedures that the Resource or UDR Project meets one of the following criteria: (i) the Resource technology type is specifically identified by the CLCPA or is publicly identified by New York State as supporting the goals of the CLCPA; (ii) the Resource or UDR project has a contract with the State of New York to achieve the goals of the CLCPA (such as a Tier 1 or Tier 4 contract with NYSERDA); or (iii) the Resource or UDR project is eligible to receive a contract authorized by New York State that is supporting the goals of the CLCPA (such as a Tier 1 or Tier 4 contract with NYSERDA).

**“Expedited Deliverability Study”** shall mean a deliverability study that an eligible Interconnection Customer may elect to pursue as that term is defined in OATT Section 40 (OATT Attachment HH) that may determine the extent to which an existing or proposed facility satisfies the NYISO Deliverability Interconnection Standard at its requested CRIS level without the need for System Deliverability Upgrades. The schedule and scope of the study is defined in Attachment HH.

**“Final Decision Round”** shall have the meaning specified, as applicable, in Section 25 or 40 (Attachment S or HH) of the ISO’s Open Access Transmission Tariff.

For purposes of Section 23.4.5 of this Attachment H, **“Going-Forward Costs”** shall mean: either (a) the costs, including but not limited to mandatory capital expenditures necessary to comply with federal or state environmental, safety or reliability requirements that must be met in order to supply Installed Capacity, net of anticipated energy and ancillary services revenues, as determined by the ISO as specified in Section 23.4.5.3, for each of the following instances, as applicable, of supplying Installed Capacity that could be avoided if an Installed Capacity Supplier otherwise capable of supplying Installed Capacity were either (1) to cease supplying Installed Capacity and Energy for a period of one year or more while retaining the ability to re-enter such markets, or (2) to retire permanently from supplying Installed Capacity and Energy; or (b) the opportunity costs of foregone sales outside of a Mitigated Capacity Zone, net of costs that would have been incurred as a result of the foregone sale if it had taken place.

For purposes of Section 23.4.5 of this Attachment H, **“Indicative Mitigation Net CONE”** shall mean the capacity price calculated by the ISO for informational purposes only if there is not an effective ICAP Demand Curve and the Commission (i) has accepted an ICAP Demand Curve for the Mitigated Capacity Zone that will become effective when the Mitigated Capacity Zone is first effective, in which case, the Indicative Mitigation Net CONE shall be the capacity price on such ICAP Demand Curve for the Mitigated Capacity Zone corresponding to the average amount of excess capacity above the Indicative NCZ Locational Minimum Installed Capacity Requirement, as applicable, expressed as a percentage of that requirement that formed the basis for the ICAP Demand Curve accepted by the Commission; or, (ii) has not accepted an ICAP Demand Curve for the Mitigated Capacity Zone, but the ISO has filed an ICAP Demand Curve for the Mitigated Capacity Zone pursuant to Services Tariff Section 5.14.1.2.2.4.11, in which case the Indicative Mitigation Net CONE shall be the capacity price on such ICAP Demand Curve corresponding to the average amount of excess capacity above the Indicative NCZ Locational Minimum Installed Capacity Requirement, expressed as a percentage of that requirement, that formed the basis for such ICAP Demand Curve.

**“Initial Decision Round”** shall have the meaning specified in Section 40 (Attachment HH) of the ISO OATT. Initial Decision Round shall include the term Initial Decision Period as that term is defined in Section 25 of the ISO OATT (Attachment S).

**“Interconnection Customer”** shall have the meaning specified in Section 40 (Attachment HH) of the ISO’s Open Access Transmission Tariff. Interconnection Customer shall include the term Developer as that term is defined in Section 25 or 30 of the ISO OATT (Attachment S or X).

**“Interconnection Facilities Study Agreement”** shall have the meaning specified in Section 30 (Attachment X) of the ISO’s Open Access Transmission Tariff.

**“Market Monitoring Unit”** shall have the same meaning in these Mitigation Measures as it has in Attachment O.

**“Market Party”** shall mean any person or entity that is, or for purposes of the determinations to be made pursuant to Section 23.4.5.7 of this Attachment H proposes or plans a Project that would be, a buyer and/or a seller in; or that makes bids or offers to buy or sell in; or that schedules or seeks to schedule Transactions with the ISO in or affecting any of the ISO Administered Markets including through the submission of bids or offers into any External Control Area, or any combination of the foregoing.

For purposes of Section 23.4.5 of this Attachment H, **“Mitigated UCAP”** shall mean one or more megawatts of Unforced Capacity that are subject to Control by a Market Party that has been identified by the ISO as a Pivotal Supplier.

For purposes of Section 23.4.5 of this Attachment H, **“Mitigation Net CONE”** shall mean the capacity price on the currently effective ICAP Demand Curve for the Mitigated Capacity Zone corresponding to the average amount of excess capacity above the Mitigated Capacity Zone Installed Capacity requirement, expressed as a percentage of that requirement, that formed the basis for the ICAP Demand Curve approved by the Commission.

**“Mitigation Study Period”** shall mean the duration of time extending six consecutive Capability Periods and beginning with the Starting Capability Period associated with a Class Year Study, Cluster Study, Additional SDU Study, and/or Expedited Deliverability Study.

**“NCZ Examined Project”** shall mean any Generator or UDR project that is not an Excluded Facility and that is not exempt pursuant to 23.4.5.7.8 and either (i) is in a Class Year or Cluster Study on the date the Commission accepts the first ICAP Demand Curve to apply to a Mitigated Capacity Zone or (ii) meets the criteria found in (II) of the definition of Examined Facility above. An NCZ Examined Project may be at any phase of development or in operation or an Installed Capacity Supplier.

For purposes of Section 23.4.5 of this Attachment H, **“Net Cost of New Entry”**, or **“Net CONE”** shall mean the localized levelized embedded costs of a peaking unit in a Mitigated Capacity Zone, net of the likely projected annual Energy and Ancillary Services revenues of such unit, as determined in connection with establishing the Demand Curve for a Mitigated Capacity Zone pursuant to Section 5.14.1.2 of the Services Tariff, or as escalated as specified in Section 23.4.5.7 of Attachment H.

**“New Capacity”** shall mean a new Generator, a substantial addition to the capacity of an existing Generator, or the reactivation of all or a portion of a Generator that has been out of service for five years or more that commences commercial service after the effective date of this definition.

For the purposes of Section 23.4.5 of this Attachment H, **“Non-Qualifying Entry Sponsors”** shall mean a Transmission Owner, Public Power Entity, or any other entity with a Transmission District in the NYCA, or an agency or instrumentality of New York State or a political subdivision thereof.

For purposes of Section 23.4.5 of this Attachment H, **“Offer Floor”** for a Mitigated Capacity Zone Installed Capacity Supplier that is not a Special Case Resource shall mean the lesser of (i) a numerical value equal to 75% of the Mitigation Net CONE translated into a seasonally adjusted monthly UCAP value (**“Mitigation Net CONE Offer Floor”**), or (ii) the numerical value that is the first year value of the Unit Net CONE determined as specified in Section 23.4.5.7, translated into a seasonally adjusted monthly UCAP value using an appropriate class outage rate, (**“Unit Net CONE Offer Floor”**). The Offer Floor for Additional CRIS MW shall mean a numerical value determined as specified in Section 23.4.5.7.6.

**“Owner”** shall have the meaning specified in Section 31.1.1 of the ISO’s Open Access Transmission Tariff.

**“Part A Exemption”** shall mean an exemption awarded to an Examined Facility (i) pursuant to the Part A Exemption Test conducted by the ISO prior to the Class Year immediately following Class Year 2021 as described in Section 23.4.5.7.2(a) of the Services Tariff or (ii) pursuant to the Part A Exemption Test described in Section 23.4.5.7.3.1 of the Services Tariff which shall be conducted by the ISO beginning with Class Year immediately following Class Year 2021, and in all subsequent Class Year Studies, Cluster Studies, Additional SDU Studies, and Expedited Deliverability Studies that are commenced after August 1, 2022.

**“Part A Exemption Test”** shall mean (i) for any Class Year Study that was conducted prior to the Class Year immediately following Class Year 2021, the test conducted by the ISO to determine if an Examined Facility would be exempt from an Offer Floor under Section 23.4.5.7.2 (a) of the Services Tariff; or (ii) for the Class Year immediately following Class Year 2021 and any subsequent Class Year Study, Cluster Study, Additional SDU Study, and Expedited Deliverability Study that starts after August 1, 2022, the test conducted by the ISO to determine if an Examined Facility shall be exempt from an Offer Floor in accordance with Section 23.4.5.7.3.1 of the Services Tariff.

**“Part A Group 1 Examined Facilities”** for the Class Year immediately following Class Year 2021 and any subsequent Class Year Study, Cluster Study, Additional SDU Study, and Expedited Deliverability Study that starts after August 1, 2022 shall mean the set of Examined Facilities being evaluated for the Part A Exemption Test described in Section 23.4.5.7.3.1 using the Part A Mitigation Study Period Years 1 through 3 as determined by the ISO pursuant to the criteria set forth in Section 23.4.5.7.3.1.3 of the Services Tariff.

**“Part A Group 2 Examined Facilities”** for the Class Year immediately following Class Year 2021 and any subsequent Class Year Study, Cluster Study, Additional SDU Study, and Expedited Deliverability Study that starts after August 1, 2022 shall mean the set of Examined Facilities being evaluated for the Part A Exemption Test described in Section 23.4.5.7.3.1 using the Part A Mitigation Study Period Years 4 through 6 as determined by the ISO pursuant to the criteria set forth in Section 23.4.5.7.3.1.3 of the Services Tariff.

**“Part A Mitigation Study Period Years 1 through 3”** for the Class Year immediately following Class Year 2021 and any subsequent Class Year Study, Cluster Study, Additional SDU Study, and any Expedited Deliverability Study that starts after August 1, 2022 shall mean the evaluation period applied to Part A Group 1 Examined Facilities which shall be considered concurrently to receive a Part A Exemption in accordance with Section 23.4.5.7.3.1 of the Services Tariff. Such evaluation period shall be composed of the three consecutive Capability Years starting with the first Capability Year that will commence two years from the Cluster Study Phase I Start Date.

**“Part A Mitigation Study Period Years 4 through 6”** for the Class Year immediately following the Class Year 2021 and any subsequent Class Year Study, Cluster Study, Additional SDU Study, and any Expedited Deliverability Study that starts after August 1, 2022 shall mean the evaluation period applied to Part A Group 2 Examined Facilities which shall be considered concurrently to receive a Part A Exemption in accordance with Section 23.4.5.7.3.1 of the Services Tariff. Such evaluation period shall be composed of the three consecutive Capability Years starting with the first Capability Year immediately following the Part A Mitigation Study Period Years 1 through 3.

**“Part B Exemption Test”** shall mean the test conducted by the ISO in accordance with 23.4.5.7.2 (b) and ISO Procedures for an Examined Facility in any Class Year Study, Cluster Study, Additional SDU Study, or Expedited Deliverability Study.

For purposes of Section 23.4.5 of this Attachment H, **“Pivotal Supplier”** shall mean (i) for the New York City Locality, a Market Party that, together with any of its Affiliated Entities, (a) Controls 500 MW or more of Unforced Capacity, and (b) Controls Unforced Capacity some portion of which is necessary to meet the New York City Locality Locational Minimum Installed Capacity Requirement in an ICAP Spot Market Auction; (ii) for the G-J Locality, a Market Party that, together with any of its Affiliated Entities, (a) Controls 650 MW or more of Unforced Capacity; and (b) Controls Unforced Capacity some portion of which is necessary to meet the G-J Locality Locational Minimum Installed Capacity Requirement in an ICAP Spot Market Auction; and (iii) for each Mitigated Capacity Zone except the New York City Locality and the G-J Locality, if any, a Market Party that Controls at least the quantity of MW of Unforced Capacity specified for the Mitigated Capacity Zone and accepted by the Commission. Unforced Capacity that are MW of an External Sale of Capacity shall not be included in the foregoing calculations.

**“Project Cost Allocation”** shall have the meaning specified, as applicable, in Section 25 or 40 (Attachment S or HH) of the ISO’s Open Access Transmission Tariff.

**“Public Policy Resource”** shall mean for purposes of Section 23.4.5 of this Attachment H, an Examined Facility that is determined by the ISO to be a zero-emitting resource and that does not meet the definition of Excluded Facility under Section 23.2 of this Attachment H and, where applicable, as also determined by the NYISO under Section 23.4.5.7.5.1 of this Attachment H. A resource may request an ex-ante determination from the ISO if it qualifies as a zero-emitting resource prior to their entrance into a Class Year Study, Cluster Study, or Expedited Deliverability Study. The ISO, in consultation with the MMU, shall issue a determination no later than 20 days after the necessary information has been submitted for consideration. This determination will be binding as long as the resource’s technology and characteristics are not modified before issuance of a final determination to the Examined Facility. The ISO will post such ex-ante determinations to its website concurrent with the response to the resource. Public Policy Resources shall be identified and posted on the ISO website no later than the ISO’s posting of the Part A Group 1 Examined Facilities and the Part A Group 2 Examined Facilities for the Class Year immediately following Class Year 2021, and any subsequent Class Year Study, Cluster Study, Additional SDU Study, and Expedited Deliverability Study that start after August 1, 2022, as provided in Section 23.4.5.7.3.1.4 of this Services Tariff.

**“Project”** shall have the meaning specified in, as applicable Section 30.1 or 40.1 of the ISO’s Open Access Transmission Tariff.

For purposes of Section 23.4.5 of this Attachment H, **“Responsible Market Party”** shall mean the Market Party that is authorized, in accordance with ISO Procedures, to submit offers in an ICAP Spot Market Auction to sell Unforced Capacity from a specified Installed Capacity Supplier.

**“Revised Project Cost Allocation”** shall have the meaning specified in, as applicable, Section 25 or 40 (Attachment S or HH) of the ISO’s Open Access Transmission Tariff.

**“Self Supply LSE”** shall mean a Load Serving Entity in one or more Mitigated Capacity Zones that operates under a long-standing business model to meet more than fifty percent of its Load obligations through its own generation and that is (i) a municipally owned electric system that was created by an act of one or more local governments pursuant to the laws of the State of New York to own or control distribution facilities and/or provide electric service, (ii) a cooperatively owned electric system that was created by an act of one or more local governments pursuant to the laws of State of New York or otherwise created pursuant to the Rural Electric Cooperative Law of New York to own or control distribution facilities and/or provide electric service, (iii) a “Single Customer Entity,” or (iv) a “Vertically Integrated Utility.” A Self Supply LSE cannot be an entity that is a public authority or corporate municipal instrumentality created by the State of New York (including a subsidiary of such an authority or instrumentality) that owns or operates generation or transmission and that is authorized to produce, transmit or distribute electricity for the benefit of the public unless it meets the criteria provided in section (i), (ii), or (iii) of this definition. For purposes of this definition only: “Vertically Integrated Utility” means a utility that owns generation, includes such generation in a non-bypassable charge in its regulated rates, earns a regulated return on its investment in such generation, and that as of the date of its request for a Self Supply Exemption, has not divested more than seventy-five percent of its generation assets owned on May 20, 1996; and “Single Customer Entity” means an LSE that serves at retail only customers that are under common control with such LSE, where such control means

holding 51% or more of the voting securities or voting interests of the LSE and all its retail customers.

**“Starting Capability Period”** is the Summer Capability Period that will commence three years from the Cluster Study Phase I Start Date and shall be the start of the Mitigation Study Period for any Examined Facility in a Cluster Study, as well as any Additional SDU Studies and Expedited Deliverability Studies that are completed while the Cluster Study is ongoing. If no Cluster Study is ongoing when an Expedited Deliverability Study or Additional SDU Study arrives at the Decision Period, the Starting Capability Period used for the purposes of Section 23.4.5 of this Attachment H shall be the Starting Capability Period that applied to the most recently completed Cluster Study.

**“Subsequent Decision Round”** shall have the meaning specified in Section 40 (Attachment HH) of the ISO OATT. Subsequent Decision Round shall include the term Subsequent Decision Period as that term is defined in Section 25 of the ISO OATT (Attachment S).

For purposes of Section 23.4.5 of this Attachment H, **“Surplus Capacity”** shall mean the amount of Installed Capacity, in MW, available in a Mitigated Capacity Zone in excess of the Locational Minimum Installed Capacity Requirement for such Mitigated Capacity Zone.

**“Total Evaluated CRIS MW”** shall mean the Additional CRIS MW requested plus either (i) if the Installed Capacity Supplier previously received an exemption under Sections 23.4.5.7.2(b), 23.4.5.7.6(b), 23.4.5.7.7 or 23.4.5.7.8, all prior Additional CRIS MW since the facility was last exempted under Sections 23.4.5.7.2(b), 23.4.5.7.6(b), or 23.4.5.7.8, or (ii) for all other Installed Capacity Suppliers, all MW of Capacity for which an Examined Facility obtained CRIS pursuant to the provisions in ISO OATT Sections 25, 30, 32, or 40 (OATT Attachments S, X, Z, or HH).

For purposes of Section 23.4.5 of this Attachment H, **“UCAP Offer Reference Level”** shall mean a dollar value equal to the projected clearing price for each ICAP Spot Market Auction determined by the ISO on the basis of the applicable ICAP Demand Curve and the total quantity of Unforced Capacity from all Installed Capacity Suppliers in a Mitigated Capacity Zone for the period covered by the applicable ICAP Spot Market Auction.

For purposes of Section 23.4.5 of this Attachment H, **“Unit Net CONE”** shall mean localized levelized embedded costs of a specified Installed Capacity Supplier, including interconnection costs, and for an Installed Capacity Supplier located outside a Mitigated Capacity Zone including embedded costs of transmission service, in either case net of likely projected annual Energy and Ancillary Services revenues, and revenues associated with other energy products (such as energy services and renewable energy credits, as determined by the ISO, translated into a seasonally adjusted monthly UCAP value using an appropriate class outage rate. The Unit Net CONE of an Installed Capacity Supplier that has functions beyond the generation or transmission of power shall include only the embedded costs allocated to the production and transmission of power, and shall not net the revenues from functions other than the generation or transmission of power.

### **23.2.2 Conduct Subject to Mitigation**

Mitigation Measures may be applied: (i) to the bidding, scheduling or operation of an “Electric Facility”; or (ii) as specified in Section 23.2.4.2.

### **23.2.3 Conditions for the Imposition of Mitigation Measures**

23.2.3.1 To achieve the foregoing purpose and objectives, Mitigation Measures should only be imposed to remedy conduct that would substantially distort or impair the competitiveness of any of the ISO Administered Markets.

Accordingly, the ISO shall seek to impose Mitigation Measures only to remedy conduct that:

23.2.3.1.1 is significantly inconsistent with competitive conduct; and

23.2.3.1.2 would result in a material change in one or more prices in an ISO Administered Market or production cost guarantee payments (“guarantee payments”) to a Market Party.

23.2.3.2 In general, the ISO shall consider a Market Party's or its Affiliates’ conduct to be inconsistent with competitive conduct if the conduct would not be in the economic interest of the Market Party or its Affiliates in the absence of market power. The categories of conduct that are inconsistent with competitive conduct include, but may not be limited to, the three categories of conduct specified in Section 23.2.4 below.

### **23.2.4 Categories of Conduct that May Warrant Mitigation**

23.2.4.1 The following categories of conduct, whether by a single firm or by multiple firms acting in concert, may cause a material effect on prices or guarantee payments in an ISO Administered Market if exercised from a position



of market power. Accordingly, the ISO shall monitor the ISO Administered Markets for the following categories of conduct, and shall impose appropriate Mitigation Measures if such conduct is detected and the other applicable conditions for the imposition of Mitigation Measures are met:

23.2.4.1.1 Physical withholding of an Electric Facility, that is, not offering to sell or schedule the output of or services provided by an Electric Facility capable of serving an ISO Administered Market. Such withholding may include, but not be limited to, (i) falsely declaring that an Electric Facility has been forced out of service or otherwise become unavailable, (ii) refusing to offer Bids or schedules for an Electric Facility when such conduct would not be in the economic interest of the Market Party or its Affiliates in the absence of market power (includes refusing to offer Bids or schedules to withdraw Energy for a Generator that must withdraw Energy in order to be able to later inject Energy); (iii); making an unjustifiable change to one or more operating parameters of an Electric Facility or an Aggregation that reduces a Resource's ability to provide Energy or Ancillary Services or (iv) operating a Generator or an Aggregation in real-time at a lower output level than the Generator or Aggregation would have been expected to provide had the Generator or Aggregation followed the ISO's dispatch instructions, in a manner that is not attributable to the Generator's or Aggregation's verifiable physical operating capabilities and that would not be in the economic interest of the Market Party or its Affiliates in the absence of market power.

For purposes of this Section and Section 23.4.3.2, the term “unjustifiable change” shall mean a change in an Electric Facility’s operating parameters that is: (a) not attributable to an Electric Facility’s verifiable physical operating capabilities, and (b) is not a rational competitive response to economic factors other than market power.

23.2.4.1.2 Economic withholding of an Electric Facility, that is, submitting Bids for an Electric Facility that are unjustifiably high so that (i) the Electric Facility is not or will not be dispatched or scheduled, or (ii) the Bids will set a market clearing price; or submitting Bids for a Withdrawal-Eligible Generator to withdraw Energy that are unjustifiably high, so that (i) the Electric Facility is or will be dispatched or scheduled to withdraw Energy, or (ii) the Bids will set a market clearing price.

23.2.4.1.3 Uneconomic production from an Electric Facility is increasing the output of an Electric Facility to levels that would not be in the economic interest of the Market Party or its Affiliates in the absence of market power. Uneconomic withdrawal by an Electric Facility is withdrawing Energy that would not be in the economic interest of the Market Party or its Affiliates in the absence of market power.

23.2.4.2 Mitigation Measures may also be imposed, subject to FERC’s approval, to mitigate the market effects of a rule, standard, procedure or design feature of an ISO Administered Market that allows a Market Party or its Affiliate to manipulate market prices or otherwise impair the efficient operation of that market, pending the revision of such rule, standard, procedure or design feature to preclude such manipulation of prices or impairment of efficiency.

23.2.4.3 Taking advantage of opportunities to sell at a higher price or buy at a lower price in a market other than an ISO Administered Market shall not be deemed a form of withholding or otherwise inconsistent with competitive conduct.

23.2.4.4 The ISO and the Market Monitoring Unit shall monitor the ISO Administered Markets for other categories of conduct, whether by a single firm or by multiple firms acting in concert, that have material effects on prices or guarantee payments in an ISO Administered Market. The ISO shall: (i) seek to amend the foregoing list as may be appropriate, in accordance with the procedures and requirements for amending the Plan, to include any such conduct that would substantially distort or impair the competitiveness of any of the ISO Administered Markets; and (ii) seek such other authorization to mitigate the effects of such conduct from the FERC as may be appropriate. The responsibilities of the Market Monitoring Unit that are addressed in this section of the Mitigation Measures are also addressed in Section 30.4.6.2.2 of Attachment O.