Attachment II

1.3 Definitions - C

Capability Period: Six-month periods which are established as follows: (1) from May 1 through October 31 of each year ("Summer Capability Period"); and (2) from November 1 of each year through April 30 of the following year ("Winter Capability Period"); or such other periods as may be determined by the Operating Committee of the ISO. A Summer Capability Period followed by a Winter Capability Period shall be referred to as a "Capability Year". Each Capability Period shall consist of On-Peak and Off-Peak periods.

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

Capacity Benefit Margin ("CBM"): That amount of Total Transfer Capability reserved by the ISO on the NYS Transmission System to ensure access to generation from interconnected systems to meet generation reliability requirements.

Capacity Reservation Cap: The maximum percentage of transmission Capacity from a Transmission Owner's sets of ETCNL that may be converted into ETCNL TCCs or the maximum percentage of a Transmission Owner's RCRRs that may be converted into RCRR TCCs, as the case may be, as established by the ISO pursuant to Section 19.4.3 of Attachment M.

Centralized TCC Auction: The auction in which TCCs are released for sale for one or more Capability Periods through a bidding process administered by the ISO.

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

Commenced Repair: As defined in the ISO Services Tariff.

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

Completed Application: An Application that satisfies all of the information and other requirements of the Tariff.

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

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

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

Congestion Rent: The opportunity costs of transmission Constraints on the NYS Transmission System. Congestion Rents are collected by the ISO through its facilitation of LBMP Market Transactions and the collection of Transmission Usage Charges from Bilateral Transactions.

Congestion Rent Shortfall: A condition in which the Congestion Rent revenue collected by the ISO in the Day-Ahead Market for Energy is less than the amount of Congestion Rent revenue in the Day-Ahead Market for Energy that the ISO is obligated under the Tariff to pay out to the Primary Holders of TCCs.

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

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

Contract Establishment Date: The date, listed in Attachment L, on which the listed existing agreements which are the source of Grandfathered Rights and Grandfathered TCCs were executed.

Control Area: An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

(1) match, at all times, the power output of the Generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the Load within the electric power system(s);

(2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;

(3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and

(4) provide sufficient capacity to maintain Operating Reserves in accordance with Good Utility Practice.

Credible Repair Plan: As defined in the ISO Services Tariff.

Credit Assessment: As defined in the ISO Services Tariff.

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

CTS Enabled Interface: An External Interface at which the ISO has authorized the use of Coordinated Transaction Scheduling ("CTS") market rules and which includes a CTS Enabled

Proxy Generator Bus for New York and a CTS Enabled Proxy Generator Bus for the neighboring Control Area.

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

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

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

CTS Sink Price: The price at a CTS Sink.

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

CTS Source Price: The price at a CTS Source.

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

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

1.9 Definitions - I

Import Curtailment Guarantee Payment: A payment made in accordance with Section 4.5.3.2 and Attachment J of the ISO Services Tariff to compensate a Supplier whose Import is Curtailed by the ISO.

Imports: A Bilateral Transaction or sale to the LBMP Market where Energy is delivered to a NYCA Interconnection from another Control Area.

Imputed Revenue: The Congestion Rents that owners of Grandfathered Rights do not have to pay due to their own use of those Grandfathered Rights.

Inadvertent Energy Accounting: The accounting performed to track and reconcile the difference between net actual Energy interchange and scheduled Energy interchange of a Control Area with adjacent Control Areas.

Incremental Energy Bid: A series of monotonically increasing constant cost incremental Energy steps that indicate the quantities of Energy for a given price that an entity is willing to supply to the ISO Administered Markets.

Incremental TCC: A set of point-to-point Transmission Congestion Contract(s) that is awarded pursuant to Section 19.2.2 of Attachment M to this ISO OATT.

Independent System Operator, Inc. ("ISO"): The New York Independent System Operator, a not-for-profit corporation established pursuant to the ISO Agreement.

Independent System Operator Agreement ("ISO Agreement"): The agreement that establishes the New York ISO.

Independent System Operator/New York State Reliability Council ("ISO/NYSRC Agreement"): The agreement between the ISO and the New York State Reliability Council governing the relationship between the two organizations.

Independent System Operator/Transmission Owner Agreement ("ISO/TO Agreement"): The agreement that establishes the terms and conditions under which the Transmission Owners transferred to the ISO Operational Control over designated transmission facilities.

Injection Billing Units: A Transmission Customer's Actual Energy Injections (for all internal injections) or Scheduled Energy Injections (for all Import Energy injections) in the New York Control Area, including injections for Wheels Through. For purposes of Rate Schedule 1 and Rate Schedule 11 of this ISO OATT, (i) a Limited Energy Storage Resource shall be responsible for charges or eligible for payments on the basis only of its Actual Energy Injections and (ii) a Day-Ahead Demand Reduction Provider's Demand Reduction shall be included as Injection Billing Units. For purposes of recovering the ISO annual budgeted costs pursuant to Rate Schedule 1 of this ISO OATT, Injection Billing Units shall include the absolute value of negative injections by pump storage facilities.

Installed Capacity: A Generator or Load facility that complies with the requirements in the Reliability Rules and is capable of supplying and/or reducing the demand for Energy in the NYCA for the purpose of ensuring that sufficient Energy and Capacity are available to meet the Reliability Rules. The Installed Capacity requirement, established by the NYSRC, includes a margin of reserve in accordance with the Reliability Rules.

Interconnection or Interconnection Points ("IP"): The point(s) at which the NYCA connects with a distribution system or adjacent Control Area. The IP may be a single tie line or several tie lines that are operated in parallel.

Interface: A defined set of transmission facilities that separate Load Zones and that separate the NYCA from adjacent Control Areas.

Interface MW - Mile Methodology: The procedure used to allocate Original Residual TCCs determined prior to the first Centralized TCC Auction to Transmission Owners.

Intermittent Power Resource: A device for the production of electricity that is characterized by an energy source that: (1) is renewable; (2) cannot be stored by the facility owner or operator; and (3) has variability that is beyond the control of the facility owner or operator. In New York, resources that depend upon wind, or solar energy or landfill gas for their fuel have been classified as Intermittent Power Resources. Each Intermittent Power Resource that depends on wind as its fuel shall include all turbines metered at a single scheduling point identifier (PTID).

Internal: An entity (e.g., Supplier, Transmission Customer) or facility (e.g., Generator, Interface) located within the Control Area being referenced. Where a specific Control Area is not referenced, internal means the NYCA.

Internal Transactions: Purchases, sales or exchanges of Energy, Capacity or Ancillary Services where the Generator and Load are located within the NYCA.

Investment Grade Customer: As defined in the ISO Services Tariff.

Investor-Owned Transmission Owners: At the present time these include: Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation.

ISO Administered Markets: The Day-Ahead Market and the Real-Time Market (collectively the LBMP Markets) and any other market administered by the ISO.

ISO-Committed Fixed: In the Day-Ahead, a bidding mode in which a Generator requests that the ISO commit and schedule it. In the Real-Time Market, a bidding mode in which a Generator, with ISO approval, requests that the ISO schedule it no more frequently than every 15 minutes. A Generator scheduled in the Day-Ahead Market as ISO-Committed Fixed will participate as a Self-Committed Fixed Generator in the Real-Time Market unless it changes bidding mode, with ISO approval, to participate as an ISO-Committed Fixed Generator.

ISO-Committed Flexible: A bidding mode in which a Dispatchable Generator Demand Side Resource follows Base Point Signals and is committed by the ISO.

ISO Market Power Monitoring Program: The monitoring program approved by the Commission and administered by the ISO designed to monitor the possible exercise of market power in ISO Administered Markets.

ISO OATT (the "Tariff"): The ISO Open Access Transmission Tariff.

ISO Procedures: The procedures adopted by the ISO in order to fulfill its responsibilities under the ISO OATT, the ISO Services Tariff and the ISO Related Agreements.

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

NYISO Services Tariff: The ISO Market Administration and Control Area Services Tariff.

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

1.14 Definitions - N

Native Load Customers: The wholesale and retail power customers of the Transmission Owners on whose behalf the Transmission Owners, by statute, franchise, regulatory requirement, or contract, have undertaken an obligation to construct and operate the Transmission Owners' systems to meet the reliable electric needs of such customers.

Neptune Scheduled Line: A transmission facility that interconnects the NYCA to the PJM Interconnection LLC Control Area at Levittown, Town of Hempstead, New York and terminates in Sayerville, New Jersey.

NERC: The North American Electric Reliability Council or, as applicable, the North American Electric Reliability Corporation.

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

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

Net Auction Revenue: The total amount, in dollars, as calculated pursuant to Section 20.3.1 of Attachment N, remaining after collection of all charges and allocation of all payments associated with a round of a Centralized TCC Auction or a Reconfiguration Auction. Net Auction Revenue takes into account: (i) revenues from and payments for the award of TCCs in a Centralized TCC Auction or Reconfiguration Auction, (ii) payments to Transmission Owners releasing ETCNL, (iii) payments or charges to Primary Holders selling TCCs, (iv) payments to Transmission Owners releasing Original Residual TCCs, (v) O/R-t-S Auction Revenue Surplus Payments and U/D Auction Revenue Surplus Payments, and (vi) O/R-t-S Auction Revenue Shortfall Charges and U/D Auction Revenue Shortfall Charges. Net Auction Revenue may be positive or negative.

Net Congestion Rent: The total amount, in dollars, as calculated pursuant to Section 20.2.1 of Attachment N, remaining after collection of all Congestion-related charges and allocation of all Congestion-related payments associated with the Day-Ahead Market. Net Congestion Rent takes into account: (i) charges and payments for Congestion Rents, (ii) settlements with TCC Primary Holders, (iii) O/R-t-S Congestion Rent Shortfall Charges and U/D Congestion Rent Shortfall Charges, and (iv) O/R-t-S Rent Congestion Surplus Payments and U/D Congestion Rent Surplus Payments. Net Congestion Rent may be positive or negative.

Network Customer: An entity receiving Transmission Service pursuant to the terms of the ISO's Network Integration Transmission Service under Part 4 of the Tariff.

Network Integration Transmission Service: The Transmission Service provided under Part 4 of the Tariff.

Network Load: The Load that a Network Customer designates for Network Integration Transmission Service under Part 4 of the Tariff. The Network Customer's Network Load shall include all Load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total Load as Network Load but may not designate only part of the Load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular Load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part 3 of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated Load.

Network Operating Agreement: An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part 4 of the Tariff. For Eligible Customers that take service under the ISO Services Tariff, that Tariff shall function as their Network Operating Agreement.

Network Operating Committee: The ISO Operating Committee will serve this function.

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

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

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

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

New York Control Area ("NYCA"): The Control Area that is under the control of the ISO which includes transmission facilities listed in the ISO/TO Agreement Appendices A-1 and A-2, as amended from time-to-time, and Generation located outside the NYS Power System that is subject to protocols (e.g., telemetry signal biasing) which allow the ISO and other Control Area operator(s) to treat some or all of that Generation as though it were part of the NYS Power System.

New York Power Pool ("NYPP"): An organization established by agreement (the "New York Power Pool Agreement") made as of July 21, 1966, and amended as of July 16, 1991, by and among Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Long Island Lighting Company, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation, and the Power Authority of the State of New York. LIPA became a Member of the NYPP on May 28, 1998 as a result of the acquisition of the Long Island Lighting Company by the Long Island Power Authority.

New York State Bulk Power Transmission Facility: This term shall have the meaning given in Attachment Y to the OATT.

New York State Power System ("NYS Power System"): All facilities of the NYS Transmission System, and all those Generators located within the NYCA or outside the NYCA, some of which may from time-to-time be subject to operational control by the ISO.

New York State Reliability Council ("NYSRC"): An organization established by agreement among the Member Systems of the New York Power Pool (the "NYSRC Agreement").

New York State Transmission System ("NYS Transmission System"): The entire New York State electric transmission system, which includes: (1) the Transmission Facilities Under ISO Operational Control; (2) the Transmission Facilities Requiring ISO Notification; and (3) all remaining transmission facilities within the NYCA.

Non-Competitive Proxy Generator Bus: A Proxy Generator Bus for an area outside of the New York Control Area that has been identified by the ISO as characterized by non-competitive Import or Export prices, and that has been approved by the Commission for designation as a Non-Competitive Proxy Generator Bus. Non-Competitive Proxy Generator Buses are identified in Section 4.4.4 of the Services Tariff.

Non-Firm Point-To-Point Transmission Service: Point-To-Point Transmission Service for which a Transmission Customer is not willing to pay Congestion. Such service is not available in the markets that the NYISO administers.

Non-Investment Grade Customer: As defined in the ISO Services Tariff.

Non-Utility Generator ("NUG," "Independent Power Producer" or "IPP"): Any entity that owns or operates an electric generating facility that is not included in an electric utility's rate base. This term includes, but is not limited to, cogenerators and small power producers and all other non-utility electricity producers, such as exempt wholesale generators that sell electricity.

Normal State: The condition that the NYS Power System is in when the Transmission Facilities Under ISO Operational Control are operated within the parameters listed for Normal State in the Reliability Rules. These parameters include, but are not limited to, thermal, voltage, stability, frequency, operating reserve and Pool Control Error limitations.

Northport-Norwalk Scheduled Line: A transmission facility that originates at the Northport substation in New York and interconnects the NYCA to the ISO New England Control Area at the Norwalk Harbor substation in Connecticut.

Notice of Intent to Return: As defined in the ISO Services Tariff.

Notification: Informing the ISO of all changes in status of the Transmission Facilities Requiring ISO Notification. Notification includes the Transmission Owners informing the ISO of all changes in the status of the designated transmission facilities.

Nuclear Regulatory Commission ("NRC"): Nuclear Regulatory Commission, or any successor thereto.

NYPA: The Power Authority of the State of New York.

NYPA Transmission Adjustment Charge ("NTAC"): A surcharge on all Energy Transactions designed to recover the Annual Transmission Revenue Requirement of NYPA which cannot be recovered through its TSC, TCCs, or other transmission revenues, including, but not limited to, its ETA revenues. This charge will be assessed to all Load statewide, as well as Transmission Customers in Wheels Through and Exports.

1.16 Definitions - P

Part 1: Tariff Section 1 pertaining to Definitions.

Part 2: Tariff Section 2 pertaining to Common Service Provisions.

Part 3: Tariff Section 3 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part 2 and appropriate Schedules and Attachments.

Part 4: Tariff Section 4 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part 2 and appropriate Schedules and Attachments.

Part 5: OATT Section 5 – Special Provisions for retail access and the Individual Retail Access Plans

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

Performance Tracking System: A system designed to report metrics for Generators and Loads which include but are not limited to actual output and schedules (See Rate Schedule 3 of the ISO Services Tariff). This system is used by the ISO to measure compliance with criteria associated with the provision of Energy and Ancillary Services.

Point(s) of Delivery: Point(s) on the NYS Transmission System or Proxy Generator Buses where Energy transmitted by the ISO will be made available to the Transmission Customer under the ISO Tariffs. The Point(s) of Delivery shall be specified in the Bid, Bilateral Transaction schedule, or similar entry.

Point(s) of Injection ("POI"): The point(s) on the NYS Transmission System or Proxy Generator Buses where Energy and Ancillary Services will be made available to the ISO by the Customer or Transmission Customer under the ISO Tariffs. The Point(s) of Injection shall be specified in the Bid, Bilateral Transaction schedule, or similar entry. (May be referred to as "Point of Receipt" or similar in some Existing Transmission Agreements.)

Point(s) of Receipt: Point(s) of interconnection on the NYS Transmission System or Proxy Generator Buses where Energy will be made available to the ISO by the Transmission Customer under the ISO Tariffs. The Point(s) of Receipt shall be specified in the Bid, Bilateral Transaction schedule, or similar entry.

Point(s) of Withdrawal ("POW"): The point(s) on the NYS Transmission System or Proxy Generator Buses where Energy will be made available to the Transmission Customer or Customer under the ISO Tariffs. The Point(s) of Withdrawal shall be specified in the Bid, Bilateral Transaction Schedule, or other similar entry. (May be referred to as "Point of Delivery" or similar in some Existing Transmission Agreements.)

Point-to-Point Transmission Service: The reservation and transmission of Capacity and Energy on a firm basis from the Point(s) of Receipt to the Point(s) of Delivery under the ISO Tariffs.

Pool Control Error ("PCE"): The difference between the actual and scheduled interchange with other Control Areas, adjusted for frequency bias.

Post Contingency: Conditions existing on a system immediately following a Contingency.

Power Exchange ("PE"): A commercial entity meeting the requirements for service under the ISO OATT or the ISO Services Tariff that facilitates the purchase and/or sale of Energy, Capacity and/or Ancillary Services in the New York Wholesale Market. A PE may transact with the ISO on its own behalf or as an agent for others.

Power Factor: The ratio of real power to apparent power (the product of volts and amperes, expressed in megavolt-amperes, MVA).

Power Factor Criteria: Criteria to be established by the ISO to monitor a Load's use of Reactive Power.

Power Flow: A simulation which determines the Energy flows on the NYS Transmission System and adjacent transmission systems.

Power Purchaser: The entity that is purchasing the Capacity and Energy to be transmitted under the Tariff.

Primary Holder: The Transmission Customer that is the recognized holder of a TCC, as described in Attachment M of this ISO OATT.

Prior Equivalent Capability Period: The previous same-season Capability Period.

Proxy Generator Bus: A proxy bus located outside the NYCA that is selected by the ISO to represent a typical bus in an adjacent Control Area and at which LBMP prices are calculated. The ISO may establish more than one Proxy Generator Bus at a particular Interface with a neighboring Control Area to enable the NYISO to distinguish the bidding, treatment and pricing of products and services available at the Interface.

PSC: The Public Service Commission of the State of New York or any successor agency thereto.

PSL: The New York Public Service Law, N.Y. Pub. Serv. Law § 1 et seq. (McKinney 1989 & Supp. 1997-98).

1.18 Definitions - R

RCRR TCC: A Load Zone-to-Load Zone TCC created when a Transmission Owner with a RCRR exercises its right to convert the RCRR into a TCC pursuant to Section 19.5.4 of Attachment M of this ISO OATT.

Reactive Power (MVAr): The product of voltage and the out-of-phase component of alternating current. Reactive Power, usually measured in MVAr, is produced by capacitors (synchronous condensers), over-excited Generators, and Qualified Non-Generator Voltage Support Resources, and absorbed by reactors or under-excited Generators and other inductive devices including the inductive portion of Loads.

Ramp Capacity: The amount of change in the Desired Net Interchange that generation located in the NYCA can support at any given time. Ramp Capacity may be calculated for all Interfaces between the NYCA and neighboring Control Areas as a whole or for any individual Interface between the NYCA and an adjoining Control Area.

Real Power Losses: The loss of Energy, resulting from transporting power over the NYS Transmission System, between the Point of Injection and Point of Withdrawal of that Energy.

Real-Time Bid: A Bid submitted into the Real-Time Commitment before the close of the Real-Time Scheduling Window. A Real-Time Bid shall also include a CTS Interface Bid.

Real-Time Commitment ("RTC"): A multi-period security constrained unit commitment and dispatch model that co-optimizes to solve simultaneously for Load, Operating Reserves and Regulation Service on a least as-bid production cost basis over a two hour and fifteen minute optimization period. The optimization evaluates the next ten points in time separated by fifteen minute intervals. Each RTC run within an hour shall have a designation indicating the time at which its results are posted: "RTC_{00}," RTC_{30}, and "RTC_{45}: post on the hour, and at fifteen, thirty, and forty-five minutes after the hour, respectively. Each RTC run will produce binding commitment instructions for the periods beginning fifteen and thirty minutes after its scheduled posting time and will produce advisory commitment guidance for the remainder of the optimization period, RTC_{15} will also establish hourly External Transaction schedules, while all RTC runs may establish 15 minute External Transaction schedules at Variably Scheduled Proxy Generator Buses. Additional information about RTC's functions is provided in Section 4.4.2 of the ISO Services Tariff.

Real-Time Dispatch ("RTD"): A multi-period security constrained dispatch model that co-optimizes to solve simultaneously for Load, Operating Reserves, and Regulation Service on a least-as-bid production cost basis over a fifty, fifty-five or sixty-minute period (depending on

when each RTD run covers within an hour). The Real-Time Dispatch dispatches, but does not commit, Resources, except that RTD may commit, for pricing purposes, Resources meeting Minimum Generation Levels and capable of starting in ten minutes. RTD may also establish 5-minute External Transaction schedules at Dynamically Scheduled Proxy Generator Buses. Real-Time Dispatch runs will normally occur every five minutes. Additional information about RTD's functions is provided in Section 4.4.3 of the ISO Services Tariff. Throughout the ISO Services Tariff the term "RTD" will normally be used to refer to both the Real-Time Dispatch and to the specialized Real-Time Dispatch Corrective Action Mode software.

Real-Time Dispatch-Corrective Action Mode ("RTD-CAM"): A specialized version of the Real-Time Dispatch software that will be activated when it is needed to address unanticipated system conditions. RTD-CAM is described in Section 4.4.4 of the ISO Services Tariff.

Real-Time LBMP: The LBMPs established through the ISO Administered Real- Time Market.

Real-Time Market: The ISO Administered Markets for Energy and Ancillary Services resulting from the operation of the RTC and the RTD.

Real-Time Scheduling Window: The period of time within which the ISO accepts offers and Bids to sell and purchase Energy and Ancillary Services in the real-time market which period closes seventy-five (75) minutes before each hour, or eighty-five (85) minutes before each hour for Bids to schedule External Transactions at the Proxy Generator Buses associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Linden VFT Scheduled Line, or the HTP Scheduled Line.

Reconfiguration Auction: The monthly auction administered by the ISO in which Transmission Customers may purchase and sell one-month TCCs.

Reference Bus: The location on the NYS Transmission System relative to which all mathematical quantities, including Shift Factors and penalty factors relating to physical operation, will be calculated. The NYPA Marcy 345 kV transmission substation is designated as the Reference Bus.

Regional Transmission Group (RTG): A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

Regulation Service Demand Curve: A series of quantity/price points that defines the maximum Shadow Price for Regulation Service corresponding to each possible quantity of Resources that the ISO's software may schedule to satisfy the ISO's Regulation Service constraint. A single Regulation Service Demand Curve will apply to both the Day-Ahead Market

and the Real-Time Market for Regulation Service. The Shadow Price for Regulation Service shall be used to calculate Regulation Service payments under Rate Schedule 3 of the Service Tariff.

Reliability Rules: Those rules, standards, procedures and protocols developed and promulgated by the NYSRC, including Local Reliability Rules, in accordance with NERC, NPCC, FERC, PSC and NRC standards, rules and regulations, and other criteria and pursuant to the NYSRC Agreement.

Repair Plan: As defined in the ISO Services Tariff.

Required System Capability: Generation capability required to meet an LSE's peak Load plus Installed Capacity reserve obligation as defined in the Reliability Rules.

Reserved Capacity: The maximum amount of Capacity and Energy that the ISO agrees to transmit for the Transmission Customer over the NYS Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part 3 of this Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

Residual Adjustment: The adjustment made to ISO costs that are recovered through Schedule 1. The Residual Adjustment is calculated pursuant to Schedule 1.

Residual Capacity Reservation Right ("RCRR"): A megawatt of transmission capacity from one Load Zone to an electrically contiguous Load Zone, each of which is internal to the NYCA, that may be converted into an RCRR TCC by a Transmission Owner allocated the RCRR pursuant to Section 19.5 of Attachment M.

Residual Transmission Capacity: The transmission capacity determined by the ISO before, during and after the Centralized TCC Auction which is conceptually equal to the following:

Residual Transmission Capacity = TTC - TRM - CBM - GTR - GTCC - ETCNL

The TCCs associated with Residual Transmission Capacity cannot be accurately determined until the Centralized TCC Auction is conducted.

TTC is the Total Transfer Capability that can only be determined after the Residual Transmission Capacity is known.

GTR is the transmission capacity associated with Grandfathered Rights.

GTCC is the transmission capacity associated with Grandfathered TCCs.

ETCNL is the transmission capacity associated with Existing Transmission Capacity for Native Load.

TRM is the Transmission Reliability Margin.

CBM is the Capacity Benefit Margin.

Retired: As defined in the ISO Services Tariff.

Rolling RTC: The RTC run that is used to schedule a given 15-minute External Transaction. The Rolling RTC may be an RTC_{00}, RTC_{15}, RTC_{30} or RTC_{45} run.

2.7 Billing and Payment

2.7.1 ISO as Counterparty; Right to Net or Set Off; ISO Clearing Account

2.7.1.1 ISO as Counterparty

The ISO shall be for all purposes the contracting counterparty, in its own name and right, to each Transmission Customer for any purchase or sale of any product or service, or for any other transaction, that is financially settled by the ISO under the ISO Tariffs.

2.7.1.2 Right to Net or Set Off Obligations Owed

Unless otherwise specifically set forth in this ISO OATT, if for any settlement period the ISO is required to pay any amount to the Transmission Customer and the Transmission Customer is required to pay any amount to the ISO under this ISO OATT or the ISO Services Tariff, such amounts shall be netted, and the party owing the greater aggregate amount shall pay to the other party the difference between the amounts owed. Additionally, all outstanding payment obligations under this ISO OATT and the ISO Services Tariff between the ISO and the Transmission Customer may be netted, offset, set off, or recouped, and payment shall be owed as set forth above.

2.7.1.3 ISO Clearing Account

The ISO will establish one or more accounts (the "ISO Clearing Account") at a bank or other financial institution, and Transmission Customers shall make payments to the ISO or receive payments from the ISO through the ISO Clearing Account in accordance with their settlement information provided by the ISO as described in Section 2.7.3 of this ISO OATT.

The funds held by the ISO in the ISO Clearing Account shall not be commingled with funds held by the ISO in any other ISO accounts.

2.7.1.4 ISO Liability for Payment

The obligation of the ISO to pay Transmission Customers for monies owed for a given settlement period shall be limited so that the aggregate liability of the ISO for such payments does not exceed the sum of (i) the aggregate amount paid to or recovered by the ISO from Transmission Customers (including by applying a defaulting Transmission Customer's financial security) for that settlement period, and (ii) the amount of funds held by the ISO in the Working Capital Fund. The process for declaring and recovering bad debt losses is set forth in Attachment U to this ISO OATT.

2.7.2 Determination and Payment of Charges Associated with Transmission Service

This Section 2.7.2 applies to all Transmission Services except Transmission Service pursuant to Grandfathered Agreements listed in Attachment L. Charges applicable to Grandfathered Agreements are described in Attachment K.

2.7.2.1 Transmission Service Charge - General Applicability

The TSC charge is applied to all Actual Energy Withdrawals from the NYS Power System under Part 3 or Part 4 of this Tariff, except for withdrawals by a Transmission Owner to provide bundled retail service or scheduled withdrawals associated with grandfathered transactions as specified in Attachments K and L. The TSC charge also is applied to Transactions to destinations outside the NYCA (Export or Wheel-Through Transactions), except as provided for in Section 2.7.2.1.4 of this Tariff.

Subject to the foregoing, the TSC applies to all Actual Energy Withdrawals regardless of whether the withdrawals occur in conjunction with a Bilateral Transaction or through the purchase of Energy from an LBMP Market. The TSC is payable under this Section regardless of

whether the withdrawal is scheduled under Part 3 or Part 4 of this Tariff. Customers buying Energy from a Transmission Owner as part of a bundled retail rate will pay a portion of the Transmission Owner's transmission revenue requirement as part of their retail rates. Sales to these customers will be included in the billing units used to calculate each Transmission Owner's TSC under this Tariff in accordance with Attachment H.

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

2.7.2.1.1 Payable to Transmission Owners: The TSC will be payable to Transmission Owners, in the manner described below in the remainder of Section 2.7.2.1.

2.7.2.1.2 Payable by Retail Access Customers: Retail access customers or LSEs scheduling on their behalf will pay a TSC to their respective Transmission Owners under the provisions described in Part 5 of this Tariff. The TSC is payable under Part 5 (Retail Access Service) regardless of whether the LSE takes service under Part 3 (Point-to-Point Service) or Part 4 (Network Integration Service) of this Tariff.

2.7.2.1.3 Payable by LSEs Serving Non-Retail Access Load in NYCA: LSEs serving NYCA Load that is not part of a retail access program, such as customers of municipal electric systems, will pay a TSC to the Transmission Owner in whose Transmission District the Load is located. The TSC shall apply to Actual Energy Withdrawals by the Load, regardless of whether such withdrawals are associated with Transmission Service under Part 3 or Part 4 of this Tariff or purchases from an LBMP Market, whether the withdrawals are scheduled or unscheduled, and regardless of whether the withdrawals were made on the Load's behalf by the LSE or by another Transmission Customer.

2.7.2.1.4 Payable by Transmission Customers Scheduling Export or Wheel-Through Transactions: Transmission Customers scheduling Transactions to destinations outside the NYCA (Export or Wheel-Through Transactions) are subject to a TSC as calculated in Attachment H. The TSC charge shall be eliminated on all Exports and Wheel-Through Transactions scheduled with the ISO to destinations within the New England Control Area; provided that the following conditions shall continue to be met: (1) a Commission approved tariff provision is in effect that provides for unconditional reciprocal elimination of charges on Exports and Wheel-Through Transactions from the New England Control Area to the New York Control Area; (2) no change in the provisions in this Tariff related to Local Furnishing Bonds and Other Tax Exempt Financing shall be required for the reciprocal elimination of charges on Export and Wheel-Through Transactions to the New York Control Area; and (3) the New York Transmission Owners have the ability to fully

recover the revenues related to the charges on Export and Wheel-Through Transactions that are eliminated. The ISO and the New York Transmission Owners, jointly or separately, shall have the right to make a Section 205 filing with the Commission to reimpose the charge on Exports and Wheel-Through Transactions if at any time any of the foregoing conditions is no longer satisfied. The ISO will perform the requisite calculation and inform the Transmission Customer of the applicable Transmission Owner(s) of the TSC charge. The TSC will be payable by the Transmission Customer directly to the Transmission Owner(s).

2.7.2.2 Transmission Usage Charge (TUC)

2.7.2.2.1 Payable to the ISO: Transmission Usage Charges include Congestion Rents and charges for Marginal Losses. They are payable directly to the ISO. Attachment J explains the calculation of the TUC.

2.7.2.2.2 Payable by Transmission Customers Scheduling Transmission Service: All Transmission Customers scheduling Transmission Service under Part 3 or Part 4 of this Tariff shall pay the applicable TUC charge as calculated in the Attachment J hereto.

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

2.7.2.2.4 Payable by Customers Scheduling Direct LBMP Purchases from the LBMP Market: Any Customer purchasing from the LBMP Market to supply

bundled retail customers, will pay the Congestion Rent and Marginal Losses charge applicable to its location. These Congestion Rent and Marginal Losses charges will be included in the calculation of the LBMP charged by the ISO for the purchase of Energy from the LBMP Market.

2.7.2.3 Ancillary Services

2.7.2.3.1 Payable to the ISO: All Ancillary Services charges are payable directly to the ISO.

2.7.2.3.2 Payable by LSEs: All LSEs scheduling Transmission Service under Part 3 or Part 4 or purchases from the LMBP Market to supply Load in the NYCA shall pay Ancillary Services charges as described in Schedules 1 through 6. The charges will be assessed on the basis of all Actual Energy Withdrawals by the Load, regardless of whether such withdrawals are scheduled or unscheduled, and regardless of whether they are scheduled on the Load's behalf by the LSE or by another Transmission Customer. As explained in Schedule 1, in certain circumstances the Schedule 1 charge may vary depending upon the Transmission District in which the Load is located.

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

2.7.2.3.4 Payable by Transmission Owners Serving Bundled Retail Customers: Transmission Owners scheduling Transmission Service or purchases from the LBMP Market to serve of bundled retail customers shall pay the ISO Ancillary Services charges as described in Schedules 1 to 6 based on Actual Energy Withdrawals.

2.7.2.4 NYPA Transmission Adjustment Charge (NTAC)

2.7.2.4.1 Payable to the ISO: NTAC charges are calculated in Attachment H. All NTAC charges are payable to the ISO.

2.7.2.4.2 Payable by LSEs Serving Load in the NYCA: Each LSE serving Load in the NYCA shall pay an NTAC to the ISO based on the LSE's Actual Energy Withdrawals.

2.7.2.4.3 Payable by Transmission Customers Scheduling Export or Wheel-Through Transactions: Transmission Customers scheduling Export or Wheel-Through Transactions shall pay an NTAC based on their Transaction schedules. The NTAC charge shall not apply to Exports and Wheel-Through Transactions scheduled with the ISO to destinations within the New England Control Area provided that the conditions listed in Section 2.7.2.1.4 of this Tariff are satisfied.

2.7.2.5 Reliability Facilities Charge ("RFC") and LIPA RFC

2.7.2.5.1 Payable through the ISO: All RFC and LIPA RFC charges are calculated, collected and payable to the ISO pursuant to Rate Schedule 10.

2.7.3 Billing and Payment Procedures

For purposes of this Section 2.7.3:

(i) the term "Complete Week Settlement Period" shall mean the seven day period between Saturday and Friday for which all of the days are in the same month; and

(ii) the term "Stub Week Settlement Period" shall mean the six or fewer day period between Saturday and Friday for which all of the days are in the same month.

2.7.3.1 Billing and Settlement Information

The ISO shall provide settlement and billing information to Transmission Customers. The ISO shall inform each Transmission Customer that provides or is provided services furnished under this ISO OATT or the ISO Services Tariff of the payments due for such service. Such information shall be made electronically available to the Transmission Customer.

2.7.3.2 Invoicing and Payment

2.7.3.2.1 Weekly Invoice

On or about each Wednesday, as set forth in ISO Procedures, the ISO shall submit an invoice to a Transmission Customer that indicates the net amount owed by or owed to the Transmission Customer for those services furnished under this ISO OATT or the ISO Services Tariff for the previous Complete Week Settlement Period or Stub Week Settlement Period that are designated as Weekly Invoice Components in ISO Procedures; *provided, however*, that the net amount owed by or owed to the Transmission Customer for those services furnished for a Stub Week Settlement Period that concludes a month shall be included in the next monthly invoice issued in accordance with Section 2.7.3.2.2 of this ISO OATT.

2.7.3.2.2 Monthly Invoice

Within five (5) business days after the first day of each month, the ISO shall submit an

invoice to a Transmission Customer that indicates the net amount owed by or owed to the Transmission Customer:

(i) for those services furnished under this ISO OATT or the ISO Services Tariff for a Stub Week Settlement Period that concludes the previous month that are designated as Weekly Invoice Components in ISO Procedures;

(ii) for any adjustments to amounts contained in the weekly invoices issued in the previous month pursuant to Section 2.7.3.2.1 of this ISO OATT;

(iii) for those services furnished under this ISO OATT or the ISO Services Tariff in the previous month that are designated as Monthly Invoice Components in ISO Procedures;

(iv) for any adjustments to amounts contained in a previously issued monthly invoice that was issued on or about one hundred twenty (120) days prior to the issuance of this invoice; and

(v) for any adjustments to amounts contained in a previously issued monthly invoice as part of the Close-Out Settlement of that monthly invoice pursuant to Section 2.7.4.2.2 of this ISO OATT.

2.7.3.2.3 Payment by the Transmission Customer

A Transmission Customer owing payments on net in its weekly invoice or its monthly invoice shall make those payments to the ISO through the ISO Clearing Account by the second business day after the date on which the weekly invoice or monthly invoice is rendered by the ISO unless otherwise specified in ISO Procedures. In accordance with Section 2.7.1.2 of this ISO OATT, the ISO may net any overpayment by the Transmission Customer for past estimated charges against current amounts due from the Transmission Customer or, if the Transmission

Customer has no outstanding amounts due, the ISO may pay to the Transmission Customer an amount equal to the overpayment.

2.7.3.2.4 Payment by the ISO

Except as provided in Section 2.7.1.4 of this ISO OATT, the ISO shall pay all net monies owed to a Transmission Customer in its weekly invoice or its monthly invoice from the ISO Clearing Account by the second business day after the due date for Transmission Customer payments set forth in Section 2.7.3.2.3 of this ISO OATT unless otherwise specified in ISO Procedures.

2.7.3.3 Use of Estimated Data and Meter Data

The ISO may use estimates, including estimated meter data, in whole or in part to settle a weekly or monthly invoice in accordance with ISO Procedures. The ISO shall use meter data submitted to the ISO in accordance with Section 3.16 of this ISO OATT. Any charges based on estimates shall be subject to true-up in invoices subsequently issued by the ISO after the ISO has obtained the requisite actual information, provided that the ISO shall only true-up charges based on meter data prior to the deadline for finalizing the meter data established in Section 2.7.4.2 of this ISO OATT. A trued-up charge shall include interest amounts calculated at the rate set forth in Section 2.7.4 of this ISO OATT from the weekly or monthly due date for the charge until the date of payment of the trued-up amount for that charge.

2.7.3.4 Method of Payment

All payments by the Transmission Customer shall be made by either (i) wire transfer in immediately available funds payable to the ISO through the ISO Clearing Account or (ii) any other method set forth in ISO Procedures. All payments by the ISO shall be made either (i) by

wire transfer in immediately available funds payable to the Transmission Customer by the ISO through the ISO Clearing Account or (ii) any other method set forth in ISO Procedures.

2.7.3.5 Verification of Payments

The ISO shall verify that all payments owed by Transmission Customers in accordance with this ISO OATT and the ISO Services Tariff have been paid to the ISO in a timely manner. If a Transmission Customer fails to make a payment within the time period established in Sections 2.7.3.2.1, 2.7.3.2.2, and 2.7.3.6 of this ISO OATT or pays less than the amount due, the ISO shall take measures pursuant to Section 2.7.5 of this ISO OATT. Except as provided in Section 2.7.1.4 of this ISO OATT, the ISO shall also ensure that monies owed to Transmission Customers in accordance with this ISO OATT and the ISO Services Tariff are paid through the ISO Clearing Account in a timely manner.

2.7.3.6 TCC Auction Settlements

Notwithstanding Sections 2.7.3.2.1 and 2.7.3.2.2 of this ISO OATT, the ISO shall make settlements related to the Centralized TCC Auction and the Reconfiguration Auction as set forth in this Section 2.7.3.6.

2.7.3.6.1 The ISO shall submit invoices to, and make settlements with, Transmission Owners in connection with the allocation of Net Auction Revenues in accordance with the timeline set forth in ISO Procedures.

2.7.3.6.2 Transmission Customers owing payments to the ISO as a result of their activity in or related to a Centralized TCC Auction or Reconfiguration Auction, pursuant to an award notice or a comparable invoice rendered by the ISO, shall make those payments to the ISO through the ISO Clearing Account in accordance with the timeline set forth in ISO Procedures.

2.7.3.6.3 Except as provided in Section 2.7.1.4 of this ISO OATT, the ISO shall pay all

net monies owed to Transmission Customers as a result of their activity in or related to a Centralized TCC Auction or a Reconfiguration Auction, pursuant to an award notice or a comparable invoice rendered by the ISO, from the ISO Clearing Account in accordance with ISO Procedures.

2.7.3.6.4 Sections 2.7.3.1, 2.7.3.3, 2.7.3.4 and 2.7.3.5 of this ISO OATT and Section 19.9.6 of Attachment M of this ISO OATT shall apply to settlements calculated in accordance with this Section 2.7.3.6.

2.7.3.7 Settlement Information and Billing Procedures for TSCs

The ISO shall provide each Transmission Owner with information to facilitate TSC billing. Settlement information and billing procedures for payments of the TSC by retail access customers or LSEs serving retail access customers in accordance with Section 5 of this ISO OATT shall be separately issued, paid and collected in accordance with Section 5 of this ISO OATT. Settlement information and billing procedures for payments for TSCs for customers other than retail access customers and LSEs serving retail access customers shall be separately issued, paid and collected in accordance with the terms and conditions set forth in Attachment H of this ISO OATT in accordance with Section 5 of this ISO OATT.

2.7.3.8 Billing Procedures for Retail Access Programs

The billing procedures for customers participating in retail access programs shall be in accordance with Section 5 of this ISO OATT.

2.7.4 Interest on Unpaid Balances:

Interest on any unpaid amount whether owed to a Transmission Customer or to the ISO (including amounts placed in escrow) shall be calculated in accordance with the methodology

specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a (a)-(2) (iii). Interest on unpaid amounts shall be calculated from the due date of the bill to the date of payment. Invoices shall be considered as having been paid on the date of receipt of payment by the ISO.

If the ISO is unable to provide settlement information on time due to the actions or inactions of the Transmission Customer, in addition to any other remedies the ISO may have at law or in equity, the Transmission Customer shall pay interest on amounts due, as calculated above, from the first day of the Billing Period following the Billing Period in which charges are accrued, to the time of payment of those charges.

2.7.4.1 Billing Disputes:

This Section 2.7.4.1 establishes the process and timeframe for review, challenge, and correction of Transmission Customer invoices. For purposes of this Section 2.7.4.1, any deadline that falls on a Saturday, Sunday, or holiday for which the ISO is closed shall be observed on the ISO's next business day.

For purposes of this Section 2.7.4.1, "finalized" data and invoices shall not be subject to further correction, including by the ISO, except as ordered by the Commission or a court of competent jurisdiction; *provided, however*, that nothing herein shall be construed to restrict any stakeholder's right to seek redress from the Commission in accordance with the Federal Power Act.

2.7.4.2 Settlement Cycle for Services Furnished On and After January 1, 2009

2.7.4.2.1 ISO Corrections or Adjustments and Transmission Customer Challenges to the Accuracy of Settlement Information

Settlement information for services furnished beginning January 1, 2009, and thereafter shall be subject to review, comment, and challenge by a Transmission Customer and correction

or adjustment by the ISO for errors at any time for up to five (5) months from the date of the initial invoice for the month in which service is rendered as set forth in Section 2.7.3.2.2 of this ISO OATT and as further provided in Section 2.7.4.2.2, subject to the following requirements and limitations:

(i) A Supplier or meter authority may review, comment on, and challenge Generator, tie-line, and sub-zone Load metering data for fifty-five (55) days from the date of the initial invoice for the month in which service is rendered. Following this review period, the ISO shall then have five (5) days to process and correct Generator, tie-line, and sub-zone Load metering data, after which time it shall be finalized.

(ii) The meter authority shall provide to the ISO all LSE bus metering data then available within seventy (70) days from the date of the initial invoice and shall provide any necessary updates to the LSE bus metering data as soon as possible thereafter. The ISO shall post all available LSE bus metering data within approximately seventy-five (75) days from the date of the initial invoice and shall continue to post incoming LSE bus metering data as soon as practicable after it is received.

(iii) The ISO shall post advisory settlement information, including available LSE bus metering data, within ninety (90) days from the date of the initial invoice. Transmission Customers may review, comment on, and challenge this settlement information, except for Generator, tie-line, and sub-zone Load metering data, after which the ISO shall process and correct the data and issue a corrected invoice with the regular monthly invoice issued on or about one hundred twenty (120)

days from the date of the initial invoice. Following the ISO's issuance of a corrected invoice, Transmission Customers may continue to review, comment on, and challenge their settlement information, excepting Generator, tie-line, and sub-zone Load metering data, until the end of the five-month review period.

(iv) The meter authority shall provide to the ISO any final updates or corrections to LSE bus metering data within one hundred thirty (130) days from the date of the initial invoice. The ISO shall then post any updated and corrected LSE bus metering data within one hundred thirty-five (135) days from the date of the initial invoice. Transmission Customers may then review, comment on, and challenge the LSE bus metering data for an additional ten (10) days. Following this review period, the ISO shall have five (5) days to process and correct the LSE bus metering data, after which it shall be finalized.

The ISO shall use reasonable means to post metering revisions for review by Transmission Customers and to notify Transmission Customers of the approaching expiration of review periods. To challenge settlement information contained in an invoice, a Transmission Customer shall first make payment in full, including any amounts in dispute. Transmission Customer challenges to settlement information shall: (i) be submitted to the ISO in writing, (ii) be clearly identified as a settlement challenge, (iii) state the basis for the Transmission Customer's challenge, and (iv) include supporting documentation, if applicable. The ISO shall notify all Transmission Customers of errors identified and the details of corrections or adjustments made pursuant to this Section 2.7.4.2.1.

2.7.4.2.2 Review and Correction of Challenged Invoices

The ISO shall evaluate a settlement challenge as soon as possible within two (2) months

following the conclusion of the challenge period specified in Section 2.7.4.2.1; *provided, however,* the ISO may, upon notice to Transmission Customers within this time of extraordinary circumstances requiring a longer evaluation period, take up to six (6) months to evaluate a settlement challenge. The ISO shall not be limited to the scope of Transmission Customer challenges in its review of a challenged invoice and may, at its discretion, review and correct any other elements and intervals of a challenged invoice, except Load and meter data as specified in Section 2.7.4.2.1. Corrections to a challenged invoice shall be applied to all Transmission Customers that were or should have been affected by the original settlement and shall not be limited to the Transmission Customer challenging the invoice; *provided, however,* that the ISO may recover *de minimis* amounts or amounts that the ISO is unable to collect from individual Transmission Customers through Rate Schedule 1 of this ISO OATT.

Upon completing its evaluation, the ISO shall provide written notice to the challenging Transmission Customer of the ISO's final determination regarding the Transmission Customer's settlement challenge. If the ISO determines that corrections or adjustments to a challenged invoice are necessary and can quantify them with reasonable certainty, the ISO shall provide all Transmission Customers with the details of the corrections or adjustments within the timeframe established in this Section 2.7.4.2.2. The ISO shall then provide a period of twenty-five (25) days for Transmission Customers to review the corrected settlement information and provide comments to the ISO regarding the implementation of those corrections or adjustments; *provided, however,* that in the event of a dispute resolution proceeding conducted in accordance with Section 2.7.4.3 of this ISO OATT, this twenty-five (25) day period shall not start or, if it has already started, shall be suspended until the conclusion of the dispute resolution proceeding. Following the conclusion of the dispute resolution proceeding, the ISO shall make any

corrections to Transmission Customers' settlement invoices that it determines to be necessary and shall then start or re-start the twenty-five (25) day Transmission Customer comment period.

If no errors in the implementation of corrections or adjustments are identified during the twenty-five (25) day Transmission Customer comment period, the ISO shall issue a finalized close-out settlement ("Close-Out Settlement"), clearly identified as such, in the next regular monthly billing invoice. If an error in the implementation of a correction or adjustment is identified during the twenty-five (25) day Transmission Customer comment period, the ISO shall have one (1) month to make such further corrections as are necessary to address the error and provide Transmission Customers with one additional period of twenty-five (25) days to review and comment on the implementation of those further corrections. If an error in the implementation of those further corrections is identified, the ISO shall then have one (1) month to make any final corrections that are necessary and shall issue a finalized Close-Out Settlement in the next regular monthly billing invoice.

2.7.4.3 Expedited Dispute Resolution Procedures for Unresolved Settlement Challenges

2.7.4.3.1 Applicability of Expedited Dispute Resolution Procedures

This Section 2.7.4.3 establishes expedited dispute resolution procedures applicable to address any dispute between a Transmission Customer and the ISO regarding a Transmission Customer settlement that was not resolved in the ordinary settlement review, challenge, and correction process; *provided, however,* that nothing herein shall restrict a Transmission Customer or the ISO from seeking redress from the Commission in accordance with the Federal Power Act.

A Transmission Customer may request expedited dispute resolution if it has previously presented a settlement challenge consistent with the requirements of Section 2.7.4.2.1 of this ISO OATT and has received from the ISO a final, written determination regarding the settlement

challenge pursuant to Section 2.7.4.2.2 of this ISO OATT. The scope of an expedited dispute resolution proceeding shall be limited to the subject matter of the Transmission Customer's prior settlement challenge. Transmission Customer challenges regarding Generator, tie-line, sub-zone Load, and LSE bus metering data shall not be eligible for formal dispute resolution proceedings under this ISO OATT. To ensure consistent treatment of disputes, separate requests for expedited dispute resolution regarding the same issue and the same service month or months may be resolved on a consolidated basis, consistent with applicable confidentiality requirements.

2.7.4.3.2 Initiation of Expedited Dispute Resolution Proceeding

To initiate an expedited dispute resolution proceeding, a Transmission Customer shall submit a written request to the ISO Chief Financial Officer within eleven (11) business days from the date that the ISO issues a final, written determination regarding a Transmission Customer settlement challenge pursuant to Section 2.7.4.2.2 of this ISO OATT. A Transmission Customer's written request for expedited dispute resolution shall contain: (i) the name of the Transmission Customer making the request, (ii) an indication of other potentially affected parties, to the extent known, (iii) an estimate of the amount in controversy, (iv) a description of the Transmission Customer's claim with sufficient detail to enable the ISO to determine whether the claim is within the subject matter of a settlement challenge previously submitted by the Transmission Customer, (v) copies of the settlement challenge materials previously submitted by the Transmission Customer to the ISO, and (vi) citations to the ISO Tariffs and other relevant materials upon which the Transmission Customer's settlement challenge relies.

The ISO Chief Financial Officer shall acknowledge in writing receipt of the Transmission Customer's request to initiate an expedited dispute resolution proceeding. If the ISO determines that the proceeding would be likely to aid in the resolution of the dispute, the ISO shall accept

the Transmission Customer's request and provide written notice of the proceeding to all Transmission Customers through the ordinary means of communication for settlement issues. The ISO shall provide written notice to the Transmission Customer in the event that the ISO declines its request for expedited dispute resolution.

2.7.4.3.3 Participation by Other Interested Transmission Customers

Any Transmission Customer with rights or interests that would be materially affected by the outcome of an expedited dispute resolution proceeding may participate; *provided, however*, that a Transmission Customer seeking or supporting a change to the NYISO's determination regarding a Transmission Customer settlement challenge must have previously raised the issue in a settlement challenge consistent with the requirements of Section 2.7.4.2.1 of this ISO OATT. To participate, such Transmission Customer shall submit to the ISO Chief Financial Officer a written request to participate that meets the requirements for an initiating request for expedited dispute resolution within eleven (11) business days from the date that the ISO issues notice of the expedited dispute resolution proceeding. If the ISO determines that the Transmission Customer has met the requirements of this Section 2.7.4.3.3, the ISO will accept the Transmission Customer's request to participate in the dispute resolution proceeding.

2.7.4.3.4 Selection of a Neutral

As soon as reasonably possible following the ISO's acceptance of a Transmission Customer's request for expedited dispute resolution under Section 2.7.4.3.2, the ISO shall appoint a neutral to preside over the proceeding by randomly selecting from a list (i) provided to the ISO by the American Arbitration Association or (ii) developed by the ISO with input from the appropriate stakeholder committee, until an available neutral is found. To the extent possible, the neutral shall be knowledgeable in electric utility matters, including electric

transmission and bulk power issues and the financial settlement of electric markets.

No person shall be eligible to act as a neutral who is a past or present officer, employee, or consultant to any of the disputing parties, or of an entity related to or affiliated with any of the disputing parties, or is otherwise interested in the matter in dispute except upon the express written consent of the parties. Any individual appointed as a neutral shall make known to the disputing parties any such disqualifying relationship or interest and a new neutral shall be appointed, unless express written consent is provided by each party.

2.7.4.3.5 Conduct of the Expedited Dispute Resolution Proceeding

The neutral shall schedule the initial meeting of the disputing parties within five (5) business days of appointment. Except as otherwise provided in this Section 2.7.4.3, the neutral shall have discretion over the conduct of the dispute resolution process including, but not limited to: (i) requiring the disputing parties to meet for discussion, (ii) allowing or requiring written submissions, (iii) establishing guidelines for such written submissions, and (iv) allowing the participation of Transmission Customers that have requested an opportunity to be heard.

Within sixty (60) days of the appointment of the neutral, if the dispute has not been resolved, the neutral shall provide the disputing parties with a written, confidential, and non-binding recommendation for resolving the dispute. The disputing parties shall then meet in an attempt to resolve the dispute in light of the neutral's recommendation. If the disputing parties have not resolved the dispute within ten (10) days of receipt of the neutral's recommendation, the dispute resolution process will be concluded.

Neither the recommendation of the neutral, nor statements made by the neutral or any party, including the ISO, or their representatives, nor written submissions prepared for the dispute resolution process, shall be admissible for any purpose in any proceeding.

2.7.4.3.6 Allocation of Costs

Each party to a dispute resolution proceeding shall be responsible for its own costs incurred during the process and for a pro rata share of the costs of a neutral.

2.7.5 Customer Default

2.7.5.1 Events of Default

A Transmission Customer shall be in default, upon written notice from the ISO, in the event that: (i) the Transmission Customer fails to timely make a payment due to the ISO, regardless of whether such payment obligation is in dispute, (ii) the Transmission Customer fails to comply with the ISO's creditworthiness requirements, or (iii) the Transmission Customer fails to cure its default in another independent system operator/regional transmission organization market. In the event of a billing dispute between the ISO and the Transmission Customer, the ISO will continue to provide service under the Service Agreement as long as the Transmission Customer continues to make all payments.

2.7.5.2 Cure

Unless otherwise provided in Attachment W to this OATT, a Transmission Customer shall have one (1) business day to cure a default resulting from its failure to timely make a payment due to the ISO. A Transmission Customer shall have two (2) business days to cure a default resulting from its failure to comply with the ISO's creditworthiness requirements; *provided, however*, that a Transmission Customer shall have one (1) business day to cure a default resulting from its failure to comply with the ISO's creditworthiness requirements following termination of a Prepayment Agreement.

2.7.5.3 ISO Remedies

In addition to any and all other remedies available under the ISO Tariffs or pursuant to

law or equity, the ISO shall have the following remedies:

(i) **Event of Default.** Upon an event of default and expiration of the relevant cure period, the ISO may terminate service to a Transmission Customer immediately upon notice to the Commission. In addition, in the event of a payment default, the ISO shall have the sole and exclusive right to initiate debt collection procedures against a Transmission Customer on account of any such default. The process for declaring and recovering bad debt losses is set forth in Attachment U to this OATT.

(ii) **Financial Distress.** In the event of a reduction in the amount of a Transmission Customer's Unsecured Credit (a) by fifty percent (50%) or more as determined in accordance with Section 26.5 of Attachment K to the ISO Services Tariff, or (b) as a result of a material adverse change as determined in accordance with Section 26.14 of Attachment K to the ISO Services Tariff, then the ISO shall have the right to: (1) immediately issue an invoice to such Transmission Customer requiring payment within two (2) business days from the invoice date for initial settlements representing the sum of that Billing Period's daily billing data available as of the invoice date, and/or (2) require such Transmission Customer to prepay estimated charges weekly for up to twelve months in accordance with ISO Procedures.

(iii) **Default in Another ISO/RTO.** In the event a Transmission Customer fails to cure its default in another independent system operator/regional transmission organization market, then the ISO shall have the right to: (1) demand immediate payment by the Transmission Customer to the ISO for any amounts owed as of

the date of the demand, and/or (2) require the Transmission Customer to prepay estimated charges weekly for a minimum of twelve months in accordance with ISO Procedures, and/or (3) reduce or eliminate the amount of the Transmission Customer's Unsecured Credit.

(iv) **Two Late Payments.** In the event a Transmission Customer fails to pay its invoice when due on two occasions within a rolling twelve (12) month period, then the ISO shall have the right to: (1) require the Transmission Customer to prepay estimated charges weekly, based on the charges incurred by the Transmission Customer in the previous week, for up to twelve months, and/or (2) reduce or eliminate the amount of the Transmission Customer's Unsecured Credit for up to twelve (12) months.

2.7.5.4 Notice to Transmission Customers

The ISO shall notify all Transmission Customers in the event that a Transmission Customer is in default and shall also notify all Transmission Customers in the event that the Transmission Customer subsequently cures the default or the ISO terminates the Transmission Customer due to the default. In the event of a payment default or creditworthiness default, the ISO will disclose in its notice to Transmission Customers the approximate amount of the default as follows:

Default Amount	Type of Default	
Range	Payment	Creditworthiness
$0 to $100,000		
$100,001 to $500,000		
$500,001 to $1,000,000		
$1,000,001 to $5,000,000		
$5,000,001 to $10,000,000		
> $10,000,000		

In addition, in the event of a payment default, unless otherwise precluded, the ISO will also disclose the amount and type of collateral, if any, held by the ISO to secure the defaulting Transmission Customer's obligations to the ISO.

2.7.6 Stranded Costs

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

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

3 Point-To-Point Transmission Service

Preamble

The ISO will provide Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff over the NYS Transmission System. Point-To-Point Transmission Service is for the receipt of Energy at designated Point(s) of Receipt and the transfer of such Energy to designated Point(s) of Delivery. Firm Point-To-Point Transmission Service is service for which the Transmission Customer has agreed to pay the Congestion Rent associated with its service. A Transmission Customer may fix the price of Day-Ahead Congestion Rent associated with its Firm Point-To-Point Transmission Service by acquiring sufficient TCCs with the same Points of Receipt and Delivery as its Transmission Service. Notwithstanding any provision in this Part to the contrary, External Transactions scheduled at the Proxy Generator Buses associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Linden VFT Scheduled Line, or the HTP Scheduled Line shall be subject to the requirements of Attachment N to the ISO Services Tariff. Each Transmission Customer also utilizes Market Services and shall take service under the ISO Market Services Administration and Control Area Services Tariff.

3.1 Nature of Firm Point-To-Point Transmission Service

3.1.1 Term:

The minimum term of Firm Point-To-Point Transmission Service shall be provided in nominal one hour increments and the maximum term shall not exceed the maximum permissible term as specified in ISO Procedures.

3.1.2. Reservation Priority:

All requests for Firm Point-to-Point Transmission Service will be deemed to have the same reservation priority. Firm Point-to-Point Transmission Service will have the same priority as Network Service subject to Section 3.1.6.

3.1.3 Use of Firm Transmission Service by the Transmission Owner(s):

The Transmission Owner will be subject to the rates, terms and conditions of Part 3 of the Tariff when making Third-Party Sales under (i) agreements executed on or after the effective date of ISO, or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Owners will maintain separate accounting, pursuant to Section 2.8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

3.1.4 Service Agreements:

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

3.1.5 Transmission Customer Obligation for Facility Additions or Redispatch Cost:

The ISO continuously redispatches all resources subject to its control in order to meet Load and to accommodate requests for a Firm Transmission Service through the use of SCUC, RTC, and RTD. Firm Point-To-Point Transmission Customers are charged for these redispatch costs in accordance with Attachment J. Transmission Owner(s) will be obligated to expand or upgrade its Transmission System pursuant to the terms of Section 3.7. The Transmission Customer or Eligible Customer must agree to compensate the Transmission Owner(s) for any necessary transmission facility additions pursuant to Section 3.7.

3.1.6 Curtailment of Firm Transmission Service:

In the event that a Curtailment on the NYS Transmission System, or a portion thereof, is required to maintain reliable operation of such system, Curtailments will be made on a non-discriminatory basis to the Transaction(s) that effectively relieve the Constraint. When applicable, the ISO will follow the Lake Erie Emergency Redispatch ("LEER") Procedure filed on February 26, 1999, in Docket No. EL99-52-000 which is incorporated by reference herein. The LEER Procedure is intended to prevent the necessity of implementing the Curtailment procedures contained in the Commission and NERC tariffs and policies. To the extent possible, Curtailments of External Transactions at the Proxy Generator Buses associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Linden VFT Scheduled Line, or the HTP Scheduled Line shall be based on the transmission priority of the associated Advance Reservation for use of the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Linden VFT Scheduled Line, or the HTP Scheduled Line (as appropriate). The ISO reserves the right to Curtail Firm Transmission Service provided under this Tariff for reliability reasons, in whole or in part, when, in the ISO's sole discretion, an Emergency or other unforeseen condition threatens

to or does impair or degrade the reliability of the NYS Power System. The ISO will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments. If the ISO declares a Major Emergency State, Transmission Customers shall comply with all directions issued by the ISO concerning the avoidance, management, and alleviation of the Major Emergency and shall comply with all procedures concerning a Major Emergency set forth in the ISO Procedures and the Reliability Rules. If the ISO is required to Curtail Transmission Service as a result of a Transmission Loading Relief ("TLR") event, the ISO will perform such Curtailment in accordance with the NERC TLR Procedure.

3.1.7 Classification of Firm Transmission Service:

3.1.7.1 The Transmission Customer taking Firm Point-To-Point Transmission Service may request a modification of the Points of Receipt or Delivery pursuant to the terms of Section 3.15.

3.1.7.2 The ISO shall provide firm Transmission Service for the delivery of Energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt shall be set forth in the Firm Point-To-Point Service schedule submitted by the Transmission Customer.

3.1.8 Scheduling of Firm Point-To-Point Transmission Service:

3.1.8.1 In the Day-Ahead Market: Schedules for the Transmission Customer's Firm Point-to-Point Transmission Service Day-Ahead must be submitted to the ISO no later than 5:00 a.m. of the day prior to commencement of the Dispatch Day or 4:50 a.m. for Transmission Service over the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Linden VFT Scheduled Line, or the HTP Scheduled Line. Schedules involving the use of LIPA's facilities shall be treated

in accordance with Section 2.5.7. Schedules submitted after 5:00 a.m., or 4:50 a.m. as appropriate, will not be accepted in the Day-Ahead schedule. Schedules of Energy to be delivered must be stated in increments of 1,000 kWh per hour between each Point of Receipt and corresponding Point of Delivery. For Firm Transmission Service requests between a Point of Receipt and Point of Delivery that are internal to the NYCA, and between a Point of Receipt at the Proxy Generator Bus designated for Imports and a Point of Delivery that is a Load Bus internal to the NYCA, the ISO will furnish to the Transmission Customer hour-to-hour schedules equal to those requested and shall deliver the Energy provided by such schedules. Energy shall be provided from the Point of Receipt if economic, and from the LBMP Market otherwise. For Firm Transmission Service requests between a Point of Delivery at the Proxy Generator Bus designated for Exports and a Point of Receipt that is a Generator Bus internal to the NYCA the ISO will furnish to the Transmission Customer, hour-to-hour schedules equal to the Export Transaction schedule and shall deliver the Energy provided by such schedules. For Firm Transmission Service requests between a Point of Receipt at the Proxy Generator Bus designated for Imports and a Point of Delivery at the Proxy Generator Bus designated for Exports, the ISO will furnish to the Transmission Customer hour-to-hour schedules equal to the Wheel-Through Transaction schedule and shall deliver the Energy provided by such schedules. Should the Transmission Customer revise or terminate any schedule, such party shall notify the ISO prior to the close of the Real-Time Scheduling Window, and the ISO shall have the right to adjust accordingly the schedule for Energy to be received

and to be delivered.

3.1.8.2 In the Real-Time Market: Schedules for the Transmission Customer's Firm Point-to-Point Transmission Service in Real-Time must be submitted to the ISO no later than the close of the Real-Time Scheduling Window.

Schedules involving the use of LIPA's facilities shall be treated in accordance with Section 2.5.7. Schedules submitted after the close of the Real-Time Scheduling Window shall not be accepted in the Real-Time schedule. Schedules of any Energy that is to be delivered must be stated in increments of 1,000 kWh per hour between each Point of Receipt and corresponding Point of Delivery. For Firm Transmission Service requests between a Point of Receipt and Point of Delivery that are internal to the NYCA, or between a Point of Receipt at the Proxy Generator Bus designated for Imports and a Point of Delivery that is a Load Bus internal to the NYCA, the ISO will furnish to the Transmission Customer schedules equal to those requested and shall deliver the Energy provided by such schedules. Energy shall be provided from the Point of Receipt if economic, and from the LBMP Market otherwise. For Firm Transmission Service requests between a Point of Delivery at the Proxy Generator Bus designated for Exports and a Point of Receipt that is a Generator Bus internal to the NYCA, the ISO will furnish to the Transmission Customer schedules equal to the Export Transaction schedule and shall deliver the Energy provided by such schedules. For Firm Transmission Service requests between a Point of Receipt at the Proxy Generator Bus designated for Imports and a Point of Delivery at the Proxy Generator Bus designated for Exports, the ISO will furnish to the Transmission

Customer hour-to-hour schedules equal to the Wheel-Through Transaction schedule and shall deliver the Energy provided by such schedules. Should the Transmission Customer revise or terminate any schedule, such party shall notify the ISO prior to the close of the Real-Time Scheduling Window and the ISO shall have the right to adjust accordingly the schedule for Energy to be received and to be delivered.

3.2 Nature of Non-Firm Point-To-Point Transmission Service:

Non-Firm Point-To-Point Transmission Service is not available in the markets that the NYISO administers.

3.3 Service Availability

3.3.1 General Conditions:

The ISO will provide Firm Point-To-Point Transmission Service over the NYS Transmission System pursuant to ISO designated Points of Receipt and Points of Delivery, to any Transmission Customer that has met the requirements of Section 3.4. Non-Firm Point-To-Point Transmission Service is not available in the markets that the NYISO administers.

3.3.2 Available Transfer Capability:

The ISO continuously redispatches all resources subject to its control in order to meet Load and to accommodate requests for Firm Transmission Service through the use of SCUC, RTC and RTD. The ISO will post information regarding ATC and TTC availability on the OASIS.

3.3.3 Initiating Service in the Absence of an Executed Service Agreement:

If the ISO and the Transmission Customer requesting Firm Point-To-Point Transmission Service cannot agree on all terms and conditions of the Point-To-Point Service Agreement, ISO shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification directing the ISO to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by the ISO for such requested Transmission Service. The ISO shall commence providing Transmission Service subject to the Transmission Customer agreeing to (i) compensate the ISO in accordance with the terms and conditions of the unexecuted filed Service Agreement, subject to true-up at whatever rate the Commission ultimately determines to be just and reasonable, and (ii) comply with the terms and conditions of this Tariff.

3.3.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System:

If a Transmission Customer requests that the NYS Transmission System be expanded or modified, the Transmission Owner(s), at the ISO's request, will use due diligence to expand or modify its applicable portion of the NYS Transmission System to increase Transfer Capability, provided the Transmission Customer agrees to compensate the applicable Transmission Owner(s) for such costs pursuant to the terms of Section 3.19. The Transmission Owner(s) will conform to Good Utility Practice in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to those facilities that the Transmission Owner has the right to expand or modify.

3.3.5 Deferral of Service:

Any increase in TCCs associated with new facilities is subject to completion of construction of those transmission facilities or upgrades.

3.3.6 Real Power Losses:

Real Power Losses are associated with all Transmission Service. The Transmission Customer is responsible for losses associated with all Transmission Service in accordance with Schedules 7-8 and as calculated in Attachment J.

3.6 Procedures for Arranging Non-Firm Point-To-Point Transmission Service

Non-Firm Point-To-Point Transmission Service is not available in the markets that the NYISO administers.

3.15 Changes in Service Specifications

Customers eligible for Transmission Service may designate their Point of Receipt and Point of Delivery by submitting a schedule with the ISO in accordance with Section 3.1.8 of this ISO OATT.

3.17 Compensation for Transmission Service

Rates for Firm Point-To-Point Transmission Service are provided in Schedule 7 appended to the Tariff. The Transmission Owner shall use Part 3 of this Tariff to make its Third-Party Sales. The Transmission Owner shall account for such use at the applicable Tariff rates, pursuant to Section 2.8 of this Tariff.

The billing of these charges will be performed pursuant to Section 2.7 of this Tariff.

4.2 Initiating Service

4.2.1 Condition Precedent for Receiving Service:

Subject to the terms and conditions of Part 4 of this Tariff, the ISO will provide Network Integration Transmission Service to any Eligible Customer, provided that (i) the Eligible Customer completes an Application for service as provided under Part 4 of this Tariff; (ii) the Eligible Customer, ISO and the Transmission Owner(s) complete the technical arrangements set forth in Sections 4.2.3 and 4.2.4; (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment D for service under Part 4 of this Tariff or requests in writing that the ISO file a proposed unexecuted Service Agreement with the Commission; (iv) the Eligible Customer executes a Network Operating Agreement with the ISO pursuant to Attachment G; and (v) if the Network Service involves the use of LIPA's, transmission facilities, approval of such transaction has occurred pursuant to Section 2.5.7.

4.2.2 Application Procedures:

An Eligible Customer requesting service under Part 4 of this Tariff must submit an Application to the ISO as far as possible in advance of the month in which service is to commence. Applications should be submitted by entering the information listed below on the ISO's OASIS. Prior to implementation of the ISO's OASIS, a Completed Application for Network Integration Transmission Service will be dated and time-stamped. Applications should be submitted by entering the information listed below on the ISO's OASIS. Prior to implementation of the ISO's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the ISO by telefax, or (ii) providing the information by telephone over the ISO's time recorded telephone line.

A Completed Application shall provide all of the information included in 18 C.F.R. §

2.20 including, but not limited to, the following:

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

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

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

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

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

- Unit size and amount of Capacity from unit to be designated as Network Resource
- VAR capability (both leading and lagging) of all Generators

- Operating restrictions
  - Any periods of restricted operations throughout the year
  - Maintenance schedules
  - Minimum loading level of unit
  - Normal operating level of unit
- Minimum Generation and Start-Up Bid and variable Energy Bid information for redispatch computations
- Arrangements governing sale and delivery of power to third parties from generating facilities located in the New York Control Area, where only a portion of unit output is designated as a Network Resource
- For each off-system Network Resource, such description shall include:
  - Identification of the Network Resource as an off-system resource
  - Amount of power to which the customer has rights
  - Identification of the control area from which the power will originate
  - Delivery point(s) to the New York State Transmission System
  - Transmission arrangements on the external transmission system(s)
  - Operating restrictions, if any
  - Any periods of restricted operations throughout the year
  - Maintenance schedules
  - Minimum loading level of unit
  - Normal operating level of unit
  - Any must-run unit designations required for system reliability or contract reasons

- Approximate variable generating cost ($/MWH) for redispatch computations;

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

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

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

(viii) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to Section 4.2.2(v) do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible

basis, except for purposes of fulfilling obligations under a reserve sharing program; and

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

Unless the parties agree to a different time frame, the ISO must acknowledge the request within ten (10) days of receipt. The acknowledgment must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this Section, the ISO shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the ISO will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the ISO shall return the Application, without prejudice, to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this Section. The Eligible Customer will be assigned a new time-stamp consistent with the date of the new or revised Application. The ISO shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations and the Code of Conduct in Attachment F.

4.2.3 Technical Arrangements to be Completed Prior to Commencement of Service:

Network Integration Transmission Service shall not commence until the ISO, Transmission Owners and the Network Customer, or a third party, have completed installation of all equipment specified under the Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the NYS Transmission System. The ISO shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as

practicable taking into consideration the Service Commencement Date.

4.2.4 Network Customer Facilities:

The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and Energy from the NYS Transmission System to the Network Customer. The Network Customer shall be solely responsible for constructing or installing all facilities on the Network Customer's side of each such delivery point or Interconnection. To the extent that a Network Customer is serving retail customers in a Transmission Owner's retail access program, the Network Customer shall procure retail distribution services in accordance with Part 5 or this Tariff and the Transmission Owner's retail access tariff as filed with the PSC, or in the case of LIPA, as established under state law.

4.2.5 Filing of Service Agreement:

The ISO will file Service Agreements with the Commission in compliance with applicable Commission regulations.

4.3 Network Resources

4.3.1 Designation of Network Resources:

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

4.3.2 Designation of New Network Resources:

The Network Customer may designate a new Network Resource by providing the ISO with as much advance notice as practicable. A designation of a new Network Resource must be made by a request for modification of service pursuant to an Application under Section 4.2. This request must include a statement that the new Network Resource, or any portion thereof, is not committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program. The Network Customer’s request will be deemed deficient if it does not include this statement and the ISO will follow the procedures for a deficient application as described in Section 4.2.2 of the Tariff.

4.3.3 Termination of Network Resources:

The Network Customer may terminate the designation of all or part of a generating

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

(i) Effective date and time of temporary termination;

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

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

(iv) Resource description and attestation for redesignating the network resource following the temporary termination, in accordance with Section 4.3.2; and

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

As part of a temporary termination, a Network Customer may only redesignate the same resource that was originally designated, or a portion thereof. Requests to redesignate a different

resource and/or a resource with increased capacity will be deemed deficient and the ISO will follow the procedures for a deficient application as described in Section 4.2.2 of the Tariff.

4.3.4 Operation of Network Resources:

The Network Customer shall not operate its designated Network Resources located in the Network Customer's Control Area or NYCA such that the output of those facilities exceeds its designated Network Load, plus net sales of Energy through the LBMP Market established under the ISO Services Tariff, plus losses, plus power sales under a reserve sharing program, plus sales that permit curtailment without penalty to serve its designated Network Load. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of the ISO to respond to an Emergency or other unforeseen condition which may impair or degrade the reliability of the NYS Transmission System. For all Network Resources not physically connected with the New York State Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource's capacity, as specified in the Network Customer's Application pursuant to Section 4.2, unless the Network Customer supports such delivery within the New York State Transmission System by either obtaining Point-to-Point Transmission Service or utilizing secondary service pursuant to Section 4.1.4.

4.3.5 Network Customer Redispatch Obligation:

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

4.3.6 Transmission Arrangements for Network Resources Not Physically Interconnected With The NYS Transmission System:

The Network Customer shall be responsible for any arrangements necessary to deliver

Capacity and Energy from a Network Resource not physically interconnected with the NYS Transmission System. The ISO will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

4.3.7 Limitation on Designation of Network Resources:

Network Resources must be directly interconnected with the NYCA or demonstrate that Firm Transmission Service has been obtained from the Network Resource to the NYCA boundary.

4.3.8 Use of Interface Capacity by the Network Customer:

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

4.3.9 Network Customer Owned Transmission Facilities:

The Network Customer that owns existing transmission facilities that are integrated with the NYS Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Network Customer must demonstrate that its transmission facilities are integrated into the plans or operations of the ISO to serve its power and transmission customers. For facilities added by the Network Customer subsequent to the effective date of a Final Rule in RM05-25-000, the Network Customer shall receive credit for such transmission facilities added if such facilities are

integrated into the operations of the Transmission Owner’s facilities; provided however, the Network Customer’s transmission facilities shall be presumed to be integrated if such transmission facilities, if owned by the Transmission Owner, would be eligible for inclusion in the Transmission Owner’s annual transmission revenue requirement as specified in Attachment H. Calculation of any credit under this subsection shall be addressed in either the Network Customer's Service Agreement or any other agreement between the parties.

6.8 Schedule 8 - Non-Firm Point-To-Point Transmission Service

Non-Firm Point-To-Point Transmission Service is not available in the markets that the NYISO administers.

8 Attachment B - Form of Service Agreement for Non-Firm Point-To-Point Transmission Service

Non-Firm Point-To-Point Transmission Service is not available in the markets that the NYISO administers.

9 Attachment C - Methodology to Assess Available Transfer Capability

The ISO shall calculate Available Transfer Capability ("ATC") according to the procedures set forth in this Attachment C which adopts the “Rated System Path Methodology” established by the North American Electric Reliability Corporation’s Reliability Standard MOD-029-1a, or its successors. Additional information and detail shall be set forth in the ISO’s ATC Implementation Document (“ATCID”).

9.1 Overview

The ISO shall calculate and post ATC values for its Internal and External Interfaces and for Scheduled Lines. The ISO’s Interfaces represent a defined set of transmission facilities that separate Locational Based Marginal Pricing (LBMP) Load Zones within the New York Control Area and that separate the New York Control Area from adjacent Control Areas. External Interfaces may be represented by one or more Proxy Generator Buses for scheduling and dispatching purposes. Each Proxy Generator Bus may be associated with distinct, posted ATC values. Scheduled Lines represent a transmission facility or set of transmission facilities that provide a separate scheduling path interconnecting the ISO to an adjacent Control Area. Each Scheduled Line is associated with a distinct Proxy Generator bus for which the ISO separately posts ATC.

Hourly ATCs for the current day and for the next six days, and daily and monthly ATCs shall be calculated for all External Interfaces and for Scheduled Lines. Specifically, for External Interfaces and for all Scheduled Lines, the ISO shall calculate: (i) hourly ATC values for at least the next forty eight hours; (ii) daily values for at least the next thirty one calendar days; and (iii) monthly values for at least the next twelve months (*i.e.*, months 2-13). For External Interfaces and for all Scheduled Lines, the ISO shall recalculate ATC at a minimum on the following

frequency, unless none of the calculated values identified in its ATC equation have changed: (i) for hourly values, once per hour (subject to the exception in MOD-001-1a which allows transmission service providers up to 175 hours per year during which calculations are not required); (ii) for daily values, once per day; and (iii) for monthly values, once per week. Hourly ATCs shall be calculated for all Internal Interfaces for the current day and for the next day. To the extent necessary for compliance with MOD-001-1a, the ISO: (i) accounts for the impacts of its internal congestion on its external interfaces as accurately as possible; and (ii) calculates internal flows in order to fulfill its obligation to calculate external flows. External ATC calculations shall be performed with models that depict system conditions consistent with the expected internal flows.

The ISO's calculation of ATC shall reflect its provision of transmission service under an LBMP system pursuant to the schedules produced by its Day-Ahead Market software (the "Security Constrained Unit Commitment" ("SCUC")) and Real-Time Market software (the "Real Time Commitment" ("RTC")) in the form of "Transmission Flow Utilization" information which is incorporated into the ISO's ATC equation as specified in sections 9.2 and 9.4, below.

The ISO continuously redispatches all resources subject to its control in order to meet Load and to accommodate requests for Firm Transmission Service through the use of SCUC, RTC, and its Real-Time Dispatch software. If the posted ATC value for an Interface is zero that is an indication that the Interface is congested. The ISO may, however, still be able to provide additional Firm Transmission Service over such Interfaces through redispatching and other schedule adjustments directed by the SCUC and RTC algorithms that will be incorporated into the Transmission Flow Utilization component of its ATC equation.

SCUC creates the ISO's Day-Ahead Market schedules and prices by performing a series

of commitment and dispatch runs. The SCUC algorithm simultaneously minimizes the ISO's total Bid Production Cost of: (i) supplying power 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 Curve; (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 as their POWs. The power flow information produced by the SCUC algorithm is incorporated into the ISO's ATC calculations as Transmission Flow $\text{Utilization}_{\text{Firm}}$ data pursuant to sections 9.2 and 9.4, below.

RTC is a multi-period security constrained unit commitment and dispatch model that co-optimizes to solve simultaneously for Load, Operating Reserves and Regulation Service on a least as-bid production cost basis over a two hour and fifteen minute optimization period. RTC makes binding unit commitment and de-commitment decisions for the periods beginning fifteen minutes (in the case of resources that can respond in ten minutes) and thirty minutes (in the case of resources that can respond in thirty minutes) after the scheduled posting time of each RTC run, provides advisory commitment information for the remainder of the two and a half hour optimization period, and will produce binding schedules for External Transactions to begin at the start of each quarter hour. RTC co-optimizes to solve simultaneously for all Load, Operating Reserves and Regulation Service requirements and to minimize the total as bid production costs over its optimization timeframe. RTC considers SCUC's resource commitment for the day, load forecasts that RTC itself will produce each quarter hour, binding transmission constraints, and all Real-Time Bids and Bid parameters. The schedules produced by RTC are incorporated into the

ISO's ATC calculation as Transmission Flow Utilization$_{Firm}$ data pursuant to sections 9.2 and 9.4 below.

At the conclusion of the SCUC and RTC processes, the ISO's software performs the calculation for determining ATC values for the current day and the next day in accordance with section 9.2. Hourly or quarter-hourly ATC values are then posted to the ISO's OASIS. In addition, the ISO's long-term ATC calculator software runs twice a day and calculates daily and monthly ATC values, and hourly values further ahead than the next day, for the ISO's External Interfaces and all Scheduled Lines, which are in turn posted to the ISO's OASIS.

When calculating ATC the ISO shall use assumptions no more limiting than those used in the planning of operations, for the corresponding time period studied, provided that such planning of operations has been performed for that time period. When different inputs are used in ATC calculations because the calculations are performed at different times, such that the most recent information is used in any calculation, a difference in that input data shall be not be considered to be a difference in assumptions.

9.2 Methodology for Computing Firm ATC

The ISO calculates hourly Firm ATC based on the market schedules determined using its SCUC process for the Day-Ahead Market and its RTC processes for the Real-Time Market for the next day and current day time periods. These ATC values shall be posted for all Interfaces and Scheduled Lines in compliance with applicable North American Energy Standards Board requirements. The ISO also calculates and posts Firm ATC for External Interfaces for the additional hourly, as well as the daily and monthly periods specified in section 9.1, above. The ISO does not calculate Non-Firm ATC because Non-Firm Point-To-Point Transmission Service

is not available in the markets that the NYISO administers.

When calculating Firm ATC ("ATC_F") for all Interfaces for each of the time periods specified in section 9.1 above, the ISO shall use the algorithm established under Requirement 7 of MOD-029-1a. Specifically:

$ATC_F = TTC - ETC_F - CBM - TRM + Postbacks_F + counterflows_F$

Where

ATC_F is the firm Available Transfer Capability for the Interface for that period.

TTC is the Total Transfer Capability of the Interface for that period.

ETC_F is the sum of existing firm commitments for the Interface during that period (including Firm Transmission Flow Utilization).

CBM is the Capacity Benefit Margin for the Interface during that period.

TRM is the Transmission Reliability Margin for the Interface during that period.

$Postbacks_F$ are changes to firm Available Transfer Capability due to a change in the use of Transmission Service for that period, as defined in Business Practices.

$counterflows_F$ are the adjustments to ATC_F as determined by the ISO and specified in its ATCID.

When calculating Non-Firm ATC ("ATC_{NF}") for all Interfaces for each of the time periods specified in section 9.1 above, the ISO shall use the algorithm established under Requirement 8 of MOD-029-1a. Specifically:

$ATC_{NF} = TTC - ETC_F - ETC_{NF} - CBM_S - TRM_U + Postbacks_{NF} + counterflows_{NF}$

Where

ATC_{NF} is the non-firm Available Transfer Capability for the Interface for that period.

TTC is the Total Transfer Capability of the Interface for that period.

ETC_F is the sum of existing firm commitments for the Interface during that period (including Firm Transmission Flow Utilization).

ETC_{NF} is the sum of existing non-firm commitments for the Interface during that period.

CBM_S is the Capacity Benefit Margin for the Interface that has been scheduled during that period.

TRM_U is the Transmission Reliability Margin for the Interface that has not been released for sale (unreleased) as non-firm capacity by the ISO during that period.

$Postbacks_{NF}$ are changes to non-firm Available Transfer Capability due to a change in the use of Transmission Service for that period, as defined in Business Practices

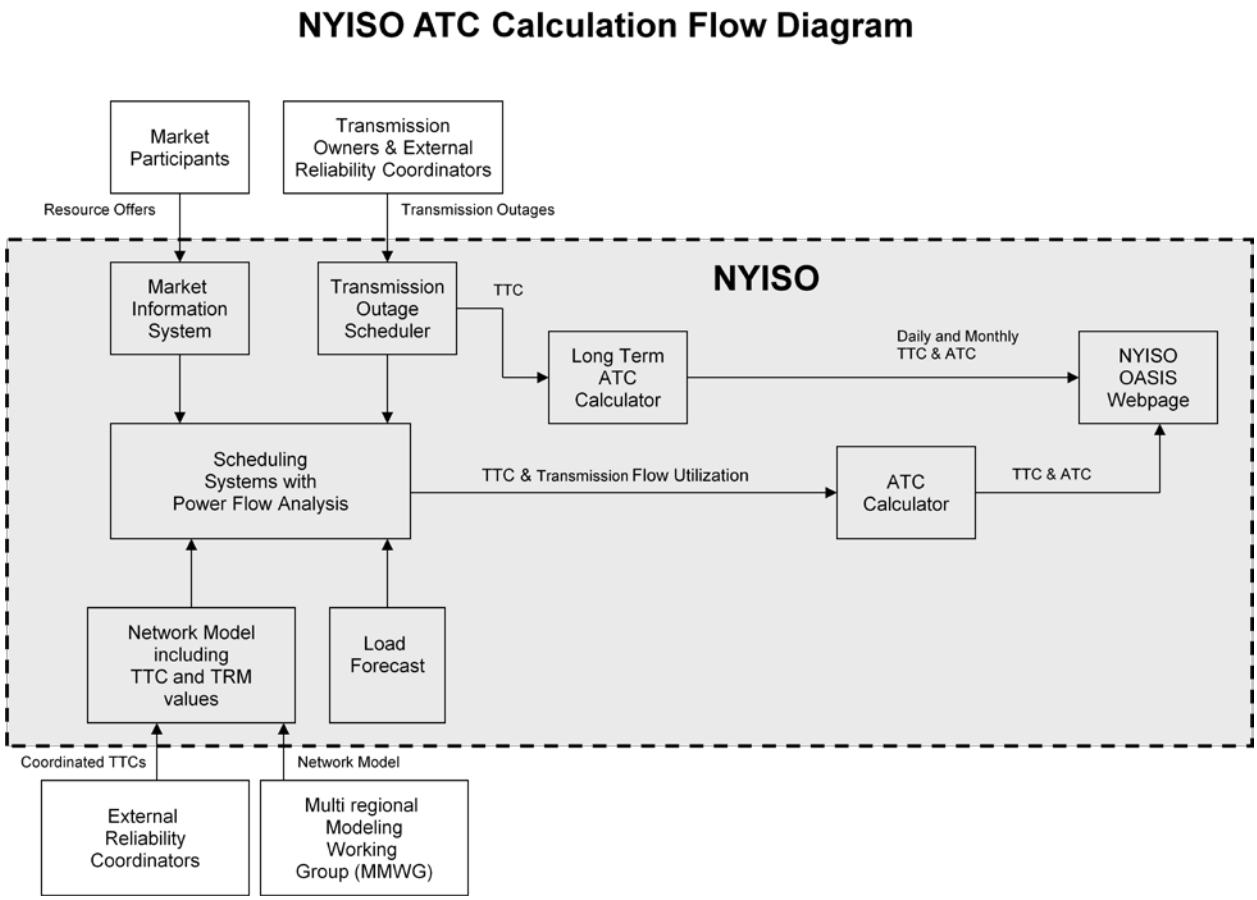
$counterflows_{NF}$ are the adjustments to ATC_{NF} as determined by the ISO and specified in its ATCID.

The ISO's ATC calculation algorithms are posted at the "ATC Detailed Algorithms" link at:

http://www.nyiso.com/public/webdocs/market_data/power_grid_info/ATCDetailedAlgorithm.pdf

9.3 Process Flow Diagram

The following diagram illustrates the process that the ISO follows when computing and posting ATC.



9.4 Existing Transmission Commitments ("ETC")

The ISO shall calculate ETC for firm Existing Transmission Commitments (ETCF) for a specified period for an Interface, using the formula established under Requirement 5 of MOD-029-1a. Specifically:

ETCF = NLF + NITSF + GFF + PTPF + RORF + OSF

Where:

NLF is the firm capacity set aside to serve peak Native Load forecast commitments for the time period being calculated, to include losses, and Native Load growth, not otherwise included in Transmission Reliability Margin or Capacity Benefit Margin.

NITSF is the firm capacity reserved for Network Integration Transmission Service serving Load, to include losses, and Load growth, not otherwise included in Transmission Reliability Margin or Capacity Benefit Margin.

GFF is the firm capacity set aside for grandfathered Transmission Service and contracts for energy and/or Transmission Service, where executed prior to the effective date of a Transmission Service Provider's Open Access Transmission Tariff or "safe harbor tariff."

PTPF is the firm capacity reserved for confirmed Point-to-Point Transmission Service.

RORF is the firm capacity reserved for Roll-over rights for contracts granting Transmission Customers the right of first refusal to take or continue to take Transmission Service when the Transmission Customer's Transmission Service contract expires or is eligible for renewal.

OSF is the firm capacity reserved for any other service(s), contract(s), or agreement(s) not specified above using Firm Transmission Service as specified in the ATCID.

The ISO shall calculate ETC for non-firm Existing Transmission Commitments (ETCNF) for a specified period for an Interface, using the formula established under Requirement 6 of MOD-029-1a. Specifically:

ETCNF = NITSNF + GFNF + PTPNF + OSNF

Where:

NITSNF is the non-firm capacity set aside for Network Integration Transmission Service serving Load (i.e., secondary service), to include losses, and load growth not otherwise included in Transmission Reliability Margin or Capacity Benefit Margin.

GFNF is the non-firm capacity set aside for grandfathered Transmission Service and contracts for energy and/or Transmission Service, where executed prior to the effective date of a Transmission Service Provider's Open Access Transmission Tariff or "safe harbor tariff."

PTPNF is non-firm capacity reserved for confirmed Point-to-Point Transmission Service.

OSNF is the non-firm capacity reserved for any other service(s), contract(s), or agreement(s) not specified above using non-firm transmission service as specified in the ATCID.

OS_F and OS_{NF} shall include a Transmission Flow Utilization value which shall be based on the market schedules determined using the SCUC and RTC market software for the current and next day time periods. The Day-Ahead Market and Real-Time Market schedules established by the market software are security constrained network powerflow solutions that are used to determine the Transmission Flow Utilization value for the ISO's Interfaces and Scheduled Lines.

Thus:

Transmission Flow Utilization$_{Firm}$ for each Internal and External Interface is determined by the corresponding security constrained network powerflow solutions of SCUC or RTC, as applicable.

Transmission Flow Utilization$_{Non\text{-}Firm}$ for each Internal and External Interface is the sum of Non-Firm Transactions scheduled.

Transmission Flow Utilization$_{Firm}$ for Scheduled Lines is determined by the corresponding security constrained network powerflow solutions of SCUC or RTC, as applicable.

Transmission Flow Utilization$_{Non\text{-}Firm}$ for Scheduled Lines is the sum of Non-Firm Transactions scheduled.

The Transmission Flow Utilization value for OS_F and OS_{NF} for time periods beyond the next day shall be zero because the ISO's Commission-approved market design does not permit transactions to be scheduled for such time periods.

9.5 Total Transfer Capability ("TTC")

The ISO shall develop TTC values for each Interface and Scheduled Line in conformance with all applicable requirements of MOD-001-1a and MOD-029-1a, or their successors. External Interfaces may be represented by one or more Proxy Generator Buses for scheduling and dispatching purposes. Each Proxy Generator Bus associated with an External Interface may be associated with distinct, posted TTC values. Each Scheduled Line is associated with a distinct Proxy Bus for which the ISO separately posts a TTC value.

The TTC value for each Interface and Scheduled Line shall be the maximum amount of electric power that can be reliably transferred over the New York State Transmission System.

The ISO shall use studies that it performs, joint studies conducted with neighboring Control Areas, and real-time system monitoring to determine the appropriate TTC values. The TTC values are periodically reviewed and may be updated as warranted to ensure that accurate values are posted. When calculating TTC the ISO shall use assumptions no more limiting than those used in the planning of operations, for the corresponding time period studied, provided that such planning of operations has been performed for that time period. When different inputs are used in TTC calculations because the calculations are performed at different times, such that the most recent information is used in any calculation, a difference in that input data shall be not be considered to be a difference in assumptions.

Databases used in the determination of the TTC values include Eastern Interconnection Reliability Assessment system representations, and the ISO's Day-Ahead Market and Real-Time Market system representations.

The normal maximum Interface and Scheduled Line TTC values correspond to TTC assessments that assume: (1) all significant Bulk Power System transmission facilities are in service, (2) Capability Period forecast peak-load conditions, (3) no significant generation outages with generation output levels consistent with typical operation for Capability Period forecast peak-load conditions, and (4) coordination with neighboring Control Area transfer capability assessments.

Interface or Scheduled Line TTC values may be modified in response to identified transmission facility or generation outage conditions. TTC values may also be modified to account for neighboring Control Area transfer capability assessments for identified transmission facility or generation outage conditions, assuming the ISO receives timely notification of such conditions, or to account for operating conditions affecting the New York State Transmission

System.

9.6 Transmission Reliability Margin ("TRM")

TRM is the amount of transmission transfer capability necessary to ensure that the interconnected transmission network remains secure under a reasonable range of system conditions. TRM accounts for the inherent uncertainty in system conditions and the need for operating flexibility to ensure reliable system operation as system conditions change.

The ISO shall maintain a TRM Implementation Document ("TRMID") in compliance with the requirements of MOD-008-1, or its successors..

Databases used in the determination of the TRM values include the MultiRegional Modeling Working Group system representations and the ISO's Day-Ahead Market and Real-Time Market system representations.

TRM equal to the sum of the following components shall be applied to calculations conducted up to eighteen months before the Dispatch Day to address unexpected system conditions including: (1) uncertainty in unscheduled loop or parallel flows ranging in value from zero (0) MW to five hundred (500) MW based on the greater of the average of the last three months of historical parallel flows observed for each External Interface or the average of the deviation in parallel flows observed over the last three months for each External Interface, (2) load forecast uncertainty (normally this value is set to zero (0) MW), (3) uncertainty in external system conditions (normally this value is set to zero (0) MW), and (4) External Interface transmission facility availability ranging in value from zero (0) MW to one thousand (1000) MW reflecting the uncertainty of transfer capability resulting from the most significant single transmission facility outage for each External Interface.

The TRM used for purposes of ATC calculations conducted for External Interfaces for

the Day-Ahead Market and the Real-Time Market shall be used to address unexpected system conditions equal to the sum of the following components: (1) uncertainty in unscheduled loop or parallel flows ranging in value from zero (0) to five hundred (500) MW based on the greater of the average of the last three months of historical parallel flows observed for each External Interface or the average of the deviation in parallel flows observed over the last three months for each External Interface, (2) load forecast uncertainty, normally of value zero (0) MW, and (3) uncertainty in external system conditions, normally of value zero (0) MW.

The TRM used for purposes of the ATC calculations conducted for Internal Interfaces for the Day-Ahead Market and the Real-Time Market shall normally be equal to the sum of the following components or a value of one hundred (100) MW, although the ISO may increase it above that level if necessary. TRM is applied to these ATC calculations to address unexpected system conditions including: (1) unscheduled loop or parallel flows normally of value zero (0) MW, (2) load forecast uncertainty normally of value zero (0) MW, (3) uncertainty in external and internal system conditions normally of value one hundred (100) MW, and (4) ISO Balancing Authority requirements normally of value zero (0) MW.

The TRM used for purposes of the ATC calculations conducted for Scheduled Lines for the Day-Ahead Market and the Real-Time Market shall normally be equal to the sum of the following components, which will ordinarily be expected to have a combined value of zero (0) MW, although the ISO may increase it above that level if necessary: (1) unscheduled loop or parallel flows ranging based on the average of the last three months of historical parallel flows observed for each associated External Proxy Generator Bus, normally of value zero (0) MW, (2) load forecast uncertainty, normally of value zero (0) MW, and (3) uncertainty in external system conditions, normally of value zero (0) MW.

TRM is used to decrement TTC from External and Internal Interfaces and from Scheduled Lines when calculating ATC. The ISO may, however, still be able to provide additional Firm Transmission Service over Internal Interfaces for Transmission Customers that are willing to pay congestion charges by redispatching the New York State Power System.

The specific values of TRM used on each Internal and External Interface and Scheduled Line are posted on the ISO's website. The TRM values are periodically reviewed by the ISO and may be updated as warranted. In compliance with Requirement 4 of MOD-008-1, or its successors, the ISO shall establish TRM values at least every thirteen months in accordance with its TRMID.

9.7 Capacity Benefit Margin

The ISO shall not set aside transmission capacity as CBM but shall maintain a CBM Implementation Document ("CBMID") in compliance with the requirements of MOD-004-1, or its successors, which shall include all of the information required by that Reliability Standard. In compliance with Requirements 5 and 6 of MOD-004-1, or its successors, the ISO shall establish CBM values at least every thirteen months in accordance with its CBMID.

9.8 Coordinated ATC Calculations

The ISO's seasonal operating studies are an input into its TTC calculations for External Interfaces that represent Control Area boundaries. The ISO coordinates those seasonal operating studies, and exchanges data necessary to support that coordination, with neighboring Control Areas.

The ISO also coordinates transmission outages and the TTCs associated with these system conditions, and exchanges related data, with neighboring Control Areas. The ISO's and

neighboring Control Areas' practice is to provide relevant information to each other in sufficient time for it to be incorporated into their own scheduling and ATC calculation processes. If a neighboring Control Area determines a more limiting TTC corresponding to a transmission outage, the ISO will use the other Control Area's TTC in its scheduling system (SCUC and RTC). These values are correspondingly used in the calculation of ATC consistent with the algorithms set forth in section 9.2 above.

16.3 Transmission Service, Schedules and Curtailment

16.3.1 Requests for Bilateral Transaction Schedules

Firm Point-to-Point Transmission Service shall be available for internal Bilateral Transactions, CTS Interface Bids for Bilateral Transactions, Import and Export Bilateral Transactions, and Wheel-Through Transactions. Except as specified in Services Tariff section 4.4.1.2.2, External Transaction Bids may not vary over the course of an hour. Each such Bid must offer to import, export or wheel the same amount of Energy at the same price at each point in time within that hour. At Variably Scheduled Proxy Generator Buses that are not CTS Enabled Proxy Generator Buses, the ISO may vary External Transaction Schedules if the party submitting the Bid for such a Transaction indicates that the ISO may vary schedules associated with those Bids within the hour. The ISO will subject all CTS Interface Bids to variable scheduling in accordance with Services Tariff section 4.4.4. Transmission Customers may modify Bilateral Transactions that were scheduled Day-Ahead or propose new Bilateral Transactions, including External Bilateral Transactions, for economic evaluation within the Real-Time Market, provided however, that Bilateral Transactions with Trading Hubs as their POWs that were previously scheduled Day-Ahead may not be modified.

Transmission Customers scheduling Transmission Service to support a Bilateral Transaction with Energy supplied by an External Generator or Internal Generator shall submit the following information to the ISO:

(1) Point of Injection location. For Transactions with Internal sources, the Point of Injection is the Generator's bus; for Transactions with Trading Hubs as their sources, the Point of Injection is the Trading Hub Generator bus; for Transactions

with External sources, the Point of Injection is the Proxy Generator Bus designated for Imports.

(2) Point of Withdrawal location. For Transactions to serve Internal Load, the Point of Withdrawal is the Load bus; for Transactions to serve External load, the Point of Withdrawal is the Proxy Generator Bus designated for Exports; for Transactions with Trading Hubs as their sinks, the Point of Withdrawal is the Trading Hub Load bus;

(3) Desired hourly MW schedules;

(4) NERC Tag data;

(5) A Sink Price Cap Bid for Export Transactions up to the MW level of the desired schedule, a Decremental Bid for Import and Wheel Through Transactions up to the MW level of the desired schedule; or a CTS Interface Bid for Transactions other than Wheels Through at CTS Enabled Proxy Generator Buses;

(6) A direction for the desired flow for CTS Interface Bids submitted at the CTS Enabled Proxy Generator Buses; and

(7) Other data required by the ISO.

16.3.2 ISO's General Responsibilities

The ISO shall evaluate requests for Bilateral Transactions, and associated Transmission Service, submitted in the Day-Ahead scheduling process using Security Constrained Unit Commitment ("SCUC"), and will subsequently establish a Day-Ahead schedule. During the Dispatch Day, the ISO shall use the Real-Time Market to establish schedules for each hour of dispatch in that day.

The ISO shall use the information provided by Real-Time Market when making Curtailment decisions pursuant to the Curtailment rules described in Section 16.3.4 of this Attachment J.

16.3.3 Scheduling of Bilateral Transactions in the Day-Ahead Market and Real-Time Market

16.3.3.1 ISO Responsibilities

The ISO shall model Bids for Import Bilateral Transactions and Bids for Export Bilateral Transactions as Bids to buy or sell a block of MW at a single price at their respective buses.

The ISO shall compute all NYCA Interface Transfer Capabilities and interface Ramp and NYCA Ramp capabilities prior to scheduling Transmission Service Day-Ahead and in real-time. The ISO shall evaluate (i) Decremental Bids from entities engaged in Bilateral Import Transactions and Wheels Through, (ii) Bids from entities engaged in Imports to the LBMP Market,; (iii) CTS Interface Bids from entities engaged in Imports and Exports at CTS Enabled Proxy Generator Buses; (iv) Energy Bids from internal Generators; (v) Sink Price Cap Bids from entities engaged in Bilateral Export Transactions; and (vi) Bids from entities engaged in Exports from the LBMP Market simultaneously when committing internal Generators and scheduling Import, Export and Wheel Through Transactions and Imports and Exports to and from the LBMP Market in the Day Ahead and Real-Time Markets, provided however, the ISO shall also evaluate Price Capped Load Bids simultaneously with (i) through (vi) in the Day Ahead Market.

16.3.3.2 Scheduling Internal Bilateral Transactions

The ISO shall schedule Firm Transmission Service between the Point of Injection at the Generator bus to the Point of Withdrawal at the Load bus equal to the request for Transmission Service in both the Day-Ahead and Real-Time Markets. The ISO shall use Energy Bids to

determine commitment and dispatch schedules for internal Generators including those providing Energy for an Internal Bilateral Transaction.

16.3.3.3 Scheduling Export Bilateral Transactions and Firm Point-to-Point Transmission Service to Support Them

The ISO shall use Bids supplied by Transmission Customers proposing Export Bilateral Transactions in the Day Ahead and Real-Time Markets to determine the amount of Energy scheduled to be exported under those Transactions in the Day-Ahead and Real-Time Markets respectively. The ISO shall not schedule Energy to be exported in amounts that exceed the Transfer Capability of the Interface.

The ISO shall schedule in the Day-Ahead and Real-Time Markets Firm Transmission Service for Export Bilateral Transactions between the Point of Receipt at the internal Generator bus and the Point of Delivery at the Proxy Generator Bus in an amount equal to the amount of Energy scheduled to be exported under those Transactions Day-Ahead and in real-time respectively.

The ISO shall use Energy Bids supplied by internal Generators designated as supporting Export Bilateral Transactions scheduled with Firm Transmission Service in the Day Ahead and Real-Time Markets to determine the Generator's commitment and dispatch schedule.

16.3.3.4 Scheduling Import Bilateral Transactions and Firm Point-to-Point Transmission Service to Support Them

The ISO shall use Bids from Transmission Customers proposing Import Bilateral Transactions in the Day Ahead and Real-Time Markets to determine the amount of Energy scheduled to be imported under those Transactions in the Day-Ahead and Real-Time Markets respectively. The ISO shall not schedule Energy to be imported in amounts that exceed the Transfer Capability of the Interface. The ISO shall schedule Firm Transmission Service in the

Day-Ahead and Real-Time Markets for Import Bilateral Transactions between the Point of Receipt at the Proxy Generator Bus and the Point of Delivery at the Load bus equal to the amount of Transmission Service requested to support those Transactions Day-Ahead and in real-time respectively.

16.3.3.5 Scheduling Wheel Through Bilateral Transactions and Firm Point-to-Point Transmission Service to Support Them

The ISO shall use Decremental Bids supplied by Transmission Customers proposing Wheel-Through Transactions in the Day Ahead and Real-Time Markets to determine the amount of Energy scheduled to be wheeled under those Transactions Day-Ahead and in real-time respectively. The ISO shall schedule Firm Transmission Service in the Day-Ahead and Real-Time Markets between the Point of Receipt at the Proxy Generator Bus and the Point of Delivery at the Proxy Generator bus designated for Exports equal to the amount of Energy scheduled to be imported and Wheeled Through under those Transactions Day-Ahead and in real-time respectively.

16.3.3.6 Scheduling Non Firm Transmission Service

Non-Firm Point-To-Point Transmission Service is not available in the markets that the NYISO administers.

16.3.3.7 Scheduling External Transactions at the Proxy Generator Buses Associated with Scheduled Lines

Scheduling External Transactions at the Proxy Generator Buses that are associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Linden VFT Scheduled Line, and the HTP Scheduled Line shall also be governed by Section 29, Attachment N to the ISO Services Tariff.

16.3.3.8 Prohibited Transmission Paths

The ISO shall not permit Market Participants to schedule External Transactions over the following prohibited scheduling paths:

1. External Transactions that are scheduled to exit the NYCA at the Proxy Generator Bus that represents its Interface with the Control Area operated by the Independent Electricity System Operator of Ontario ("IESO"), and to sink in the Control Area operated by PJM Interconnection, LLC ("PJM");
2. External Transactions that are scheduled to exit the NYCA at the Proxy Generator Buses that represent the NYCA's common border with the Control Area operated by PJM, and to sink in the Control Area operated by IESO;
3. External Transactions that are scheduled to enter the NYCA at the Proxy Generator Buses that represent the NYCA's common border with the Control Area operated by PJM, and to source from the Control Area operated by IESO;
4. External Transactions that are scheduled to enter the NYCA at the Proxy Generator Bus that represents the NYCA's Interface with the Control Area operated by IESO, and to source from the Control Area operated by PJM;
5. Wheels Through the NYCA that are scheduled to enter the NYCA at the Proxy Generator Buses that represent the NYCA's common border with the Control Area operated by PJM, and to sink in the Control Area operated by the Midwest Independent Transmission System Operator, Inc. ("MISO");
6. Wheels Through the NYCA that are scheduled to exit the NYCA at the Proxy Generator Buses that represent the NYCA's common border with the Control Area operated by PJM, and to source from the Control Area operated by the MISO;

7. Wheels Through the NYCA that are scheduled to enter the NYCA at the Proxy Generator Bus that represents the NYCA's Interface with the Control Area operated by IESO, and to sink in the Control Area operated by the MISO; and

8. Wheels Through the NYCA that are scheduled to exit the NYCA at the Proxy Generator Bus that represents the NYCA's Interface with the Control Area operated by IESO, and to source from the Control Area operated by the MISO.

The ISO may add additional prohibited scheduling paths to the above list when the ISO, acting in consultation with its Market Monitoring Unit, determines that one or more scheduling paths are being used to schedule External Transactions in a manner that is not consistent with the manner in which power is actually expected to flow. The ISO shall inform its Market Participants of the additional prohibited scheduling path or paths by providing notice at least one week in advance of the implementation of any such prohibition. At the time the NYISO provides notice to its Market Participants the ISO shall submit a compliance filing in FERC Docket No. ER13-780 requesting authority to update the above list to reflect the additional prohibited scheduling path or paths. Any such compliance filing will include: (1) an explanation of the scheduling behavior the ISO has identified and why that behavior presents a concern to the ISO and its Market Monitoring Unit; and (2) an explanation of why the ISO believes that the problem it has identified can be remedied or mitigated by adding one or more new prohibited scheduling paths. The compliance filing will also include, or be accompanied by, a discussion of the Market Monitoring Unit's position regarding the ISO's proposal to add a new prohibited scheduling path or new prohibited scheduling paths. Unless FERC acts on the ISO's compliance filing, the ISO shall implement the new scheduling path prohibition(s) on the date proposed in its compliance filing.

The responsibilities of the Market Monitoring Unit that are addressed in this Section are also addressed in Section 30.4.6.8.1 of the Market Monitoring Plan, Attachment O to the ISO Services Tariff.

16.3.4 Bilateral Transaction Adjustments, Curtailments and Settlements

The DNI between the NYCA and adjoining Control Areas will be adjusted as necessary to reflect the effects of any Curtailments of Import or Export Transactions.

To the extent possible, Curtailments of External Transactions at the Proxy Generator Bus associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Linden VFT Scheduled Line, and the HTP Scheduled Line shall be based on the transmission priority of the associated Advance Reservation for use of the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Linden VFT Scheduled Line, and the HTP Scheduled Line (as appropriate).

If a Transmission Customer's Firm Point-to-Point Transmission Service or Network Integration Transmission Service is supporting an Internal Bilateral Transaction, or an Import Bilateral Transaction, the ISO shall not reduce the Transmission Service. If a Transmission Customer's Firm Point-to-Point Transmission Service or Network Integration Transmission Service is supporting an Export Bilateral Transaction or a Wheel Through, the ISO shall reduce Transmission Service to the extent the amount of Energy scheduled to be exported or wheeled is reduced.

16.3.4.1 Import Bilateral Transactions

If the amount of Energy scheduled to be imported in an Import Bilateral Transaction in the Day-Ahead Market is less than the amount of Transmission Service requested and scheduled Day-Ahead in association with that Import Bilateral Transaction, the Transmission Customer shall pay the Energy Imbalance Service Charge pursuant to Rate Schedule 4 of this OATT. The

Transmission Customer shall continue to pay the Day-Ahead TUC for the amount of Transmission Service scheduled.

If the Import Bilateral Transaction was scheduled following the Day-Ahead Market, or the schedule for the Import Bilateral Transaction was revised following the Day-Ahead Market, and the amount of Energy scheduled to be imported in real-time (modified for within-hour changes in DNI, if any) is less than the amount of Transmission Service requested in real-time in association with that Transaction, then the Transmission Customer shall pay an Energy Imbalance Service Charge pursuant to Rate Schedule 4 of this OATT. If the Import Bilateral Transaction was scheduled following the Day-Ahead Market, or the schedule for the Import Bilateral Transaction was revised following the Day-Ahead Market, the Transmission Customer shall pay or be paid the Real-Time TUC for the amount of Transmission Service requested in real-time in association with that Transaction minus the amount of Transmission Service requested Day-Ahead in association with that Transaction.

16.3.4.2 Export Bilateral Transactions, Internal Bilateral Transactions and Wheel Through Transactions

If the internal Generator designated to supply the Export Bilateral Transaction or internal Bilateral Transaction has been scheduled Day-Ahead to produce Energy in an amount that is less than the amount of Transmission Service scheduled Day-Ahead in association with that internal or Export Bilateral Transaction, the internal Generator shall pay an Energy Imbalance Service Charge pursuant to Rate Schedule 4 of this OATT.

If the internal Generator designated to supply the Export Bilateral Transaction or internal Bilateral Transaction has been dispatched in real-time to produce Energy in an amount that is less than the amount of Transmission Service scheduled in real-time in association with that

internal or Export Bilateral Transaction, the internal Generator shall pay an Energy Imbalance Service Charge pursuant to Rate Schedule 4 of this OATT.

If the Export Bilateral Transaction or internal Bilateral Transaction was scheduled following the Day-Ahead Market, or the schedule for the Export Bilateral Transaction or internal Transaction was revised following the Day-Ahead Market, the Transmission Customer shall pay or be paid the Real-Time TUC for the amount of Transmission Service scheduled in real time in association with that Transaction minus the amount of Transmission Service scheduled Day-Ahead in association with that Transaction.

If a Wheel-Through Transaction was scheduled following the Day-Ahead Market, or the schedule for the Wheel-Through transaction was revised following the Day-Ahead Market, the Transmission Customer shall pay or be paid the Real-Time TUC for the amount of Transmission Service scheduled in real time in association with that Transaction minus the amount of Transmission Service scheduled Day-Ahead in association with that Transaction.

16.3.4.2.1 Generators

Notwithstanding the foregoing, the amount of Transmission Service scheduled in real-time for internal Bilateral Transactions supplied by one of the following Generators shall retroactively be set equal to that Generator's actual output in each RTD interval:

16.3.4.2.1.1 Generators providing Energy under contracts executed and effective on or before November 18, 1999 (including PURPA contracts) in which the power purchaser does not control the operation of the supply source but would be responsible for penalties for being off-schedule;

16.3.4.2.1.2 Existing topping turbine Generators and extraction turbine Generators producing electric Energy resulting from the supply of steam to the district steam

system located in New York City (LBMP Zone J) in operation on or before November 18, 1999 and/or topping or extraction turbine Generators utilized in replacing or repowering existing steam supplies from such units (in accordance with good engineering and economic design) that cannot follow schedules, up to a maximum total of 499 MW of such units; and

16.3.4.2.3 Intermittent Power Resources that depend on landfill gas or solar for their fuel, existing Intermittent Power Resources that depend on wind as their fuel, other than those for which the NYISO has imposed a Wind Output Limit, and Limited Control Run of River Hydro Resources in operation on or before November 18, 1999 within the NYCA, plus up to an additional 3300 MW of such Generators.

This procedure shall not apply for those hours the Generator supplying that Transaction has bid in a manner that indicates it is available to provide Regulation Service or Operating Reserves.

16.3.4.3 Non-Firm Transmission

Non-Firm Point-To-Point Transmission Service is not available in the markets that the NYISO administers.

16.3.4.4 Procedure for Relieving Security Violations

If a security violation occurs or is anticipated to occur, the ISO shall attempt to relieve the violation using the following procedures:

16.3.4.4.1 Dispatch Internal Generators, based on Incremental Energy Bids , including committing additional resources, if necessary;

16.3.4.4.2 Adjust the DNI associated with External Transactions: Curtail External Firm Transactions until the Constraint is relieved by (1) Curtailing based on , CTS Interface Bids, Decremental Bids and Sink Price Cap Bids; and (2) except for External Transactions with minimum run times, prorating Curtailment of equal cost transactions;

16.3.4.4.3 Request Internal Generators to voluntarily operate in manual mode below minimum or above maximum dispatchable levels. When operating in manual mode, Generators will not be required to adhere to minimum ramp rates, nor will they be required to be respond to RTD Base Point Signals;

16.3.4.4.4 In over generation conditions, decommit Internal Generators based on Minimum Generation Bid rate in descending order; and

16.3.4.4.5 Invoke other emergency procedures including involuntary load Curtailment, if necessary.