Attachment II

1.2 Definitions - B

Back-Up Operation: The procedures for operating the NYCA in a safe and reliable manner when the ISO's normal communication or computer systems are not fully functional as set forth in Section 2.12 of this ISO OATT and Section 5.3 of the ISO Services Tariff.

Base Point Signals: Electronic signals sent from the ISO and ultimately received by Generators specifying the scheduled MW output for the Generator. Real-Time Dispatch ("RTD") Base Point Signals are typically sent to Generators on a nominal five (5) minute basis. AGC Base Point Signals are typically sent to Generators on a nominal six (6) second basis.

Basis Amount: As defined in the ISO Services Tariff.

Basis Month: As defined in the ISO Services Tariff.

Bid/Post System: An electronic information system used to allow the posting of proposed transmission schedules and Bids for Energy and Ancillary Services by Market Participants for use by the ISO and to allow the ISO to post Locational Based Marginal Prices and schedules.

Bid: Offer to sell or bid to purchase Energy, Demand Reductions or Transmission Congestion Contracts and an offer to sell Ancillary Services at a specified price that is duly submitted to the ISO pursuant to ISO Procedures. Bid shall mean mitigated Bid where appropriate.

Bid Price: The price at which the Customer offering the Bid is willing to provide the product or service, or is willing to pay to receive such product or service, as applicable. In the case of a CTS Interface Bid, the Bid Price is a dollar value that indicates the bidder's willingness to purchase Energy at a CTS Source and sell it at a CTS Sink across a CTS Enabled Interface if, at the time of scheduling, the forecasted CTS Sink Price minus the forecasted CTS Source Price is greater than, or equal to, the dollar value specified in the bid.

Bid Production Cost: Total cost of the Generators required to meet Load and reliability Constraints based upon Bids corresponding to the usual measures of Generator production cost (e.g., running and Minimum Generation Bid, and Start-Up Bid).

Bidding Requirement: As defined in the ISO Services Tariff.

Bilateral Transaction: A Transaction between two or more parties for the purchase and/or sale of Capacity or Energy other than those in the ISO Administered Markets. A request to schedule a Bilateral Transaction in the Energy Market shall be considered a request to schedule Point-to-Point Transmission Service.

Billing Period: The period of time designated in Sections 2.7.3.2.1, 2.7.3.3.1, or 2.7.3.3.2 of this ISO OATT over which the ISO will aggregate and settle a charge or a payment for services furnished under this ISO OATT or the ISO Services Tariff.

Board of Directors ("Board"): The governing body of the ISO which is comprised of ten (10) persons (Directors) that are unaffiliated with any Market Participants, as described in the ISO Agreement.

Business Issues Committee: A standing committee of the ISO created pursuant to the ISO Agreement to establish rules related to business issues and provide a forum for discussion of those rules and issues.

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.

1.4 Definitions - D

DADRP Component: As defined in the ISO Services Tariff.

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

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

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

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

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

Demand Side Resource: As defined in the ISO Services Tariff.

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

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

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

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

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

the Developer's interconnection service election, also in compliance with the NYISO Deliverability Interconnection Standard.

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

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

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

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

DSASP Component: As defined in the ISO Services Tariff.

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

1.5 Definitions - E

East of Central-East: An electrical area comprised of Lead Zones F, G, H, I, J, and K, as identifies in the ISO Procedures.

East of Central-East Excluding Long Island: An electrical area comprised of Lead Zones F, G, H, I, and J, as identified in the ISO Procedures.

East of Central-East Excluding New York City and Long Island: An electrical area comprised of Land Zones F, G, H, I, as identifies in the ISO Procedures.

Economic Operating Point: The megawatt quantity which is a function of: i) the real-time LBMP at the Resource bus; and ii) the Supplier's real-time eleven constant cost step Energy Bid, for the Resource, such that (a) the offer price associated with Energy offers below that megawatt quantity (if that megawatt quantity is not that Resource's minimum output level) must be less than or equal to the real-time LBMP at the Resource bus, and (b) the offer price associated with Energy offers above that megawatt quantity (if that megawatt quantity is not that Resource's maximum output level) must be greater than or equal to the real-time LBMP at the Resource bus. In cases where multiple megawatt values meet conditions (a) and (b), the Economic Operating Point is the megawatt value meeting these conditions that is closest to the Resource's real-time scheduled Energy injection. In cases where the Economic Operating Point would be less than the minimum output level, the Economic Operating Point will be set equal to the MW value of the first point on the Energy Bid curve and in cases where the Economic Operating Point would be greater than the maximum output level, the Economic Operating Point will be set equal to the MW value of the first point on the Energy Bid curve and in cases where the Economic Operating Point would be greater than the maximum output level, the Economic Operating Point will be set equal to the MW value of the first point on the Energy Bid curve and in cases where the Economic Operating Point would be greater than the maximum output level, the Economic Operating Point will be set equal to the MW value of the first point on the Energy Bid curve.

Eligible Customer: (i) An entity that is engaged, or proposes to engage, in the wholesale or retail electric power business including any electric utility, power marketer, Federal power marketing agency, or any person generating Energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Owner offer the unbundled Transmission Service, or pursuant to a voluntary offer of such service by the Transmission Owner. (ii) Any retail customer taking unbundled transmission service, or pursuant to a state requirement that the Transmission Service, or pursuant to a voluntary offer the transmission service, or pursuant to a state requirement that the Transmission Owner offer the Transmission Service, or pursuant to a voluntary offer of such service by the Transmission Owner, is an Eligible Customer under the Tariff.

Emergency: Any abnormal system condition that requires immediate automatic or manual action to prevent or limit loss of transmission facilities or Generators that could adversely affect the reliability of an electric system.

Emergency State: The state that the NYS Power System is in when an abnormal condition occurs that requires automatic or immediate, manual action to prevent or limit loss of the NYS Transmission System or Generators that could adversely affect the reliability of the NYS Power System.

End-State Centralized TCC Auction: A Centralized TCC Auction that the ISO will conduct after the ISO develops the necessary software.

Energy ("MWh"): A quantity of electricity that is Bid, produced, purchased, consumed, sold, or transmitted over a period of time, and measured or calculated in megawatt hours.

Energy and Ancillary Services Component: As defined in the ISO Services Tariff.

Equivalency Rating: As defined in the ISO Services Tariff.

ETA Agent: A Transmission Customer of the ISO that has been appointed by a Load Serving Entity and approved by the ISO in accordance with ISO Procedures for the purpose of enabling that Transmission Customer to hold all of the rights and obligations associated with Fixed Price TCCs, as provided for in Attachment M of this OATT.

ETCNL TCC: A TCC created when a Transmission Owner with ETCNL exercises its right to convert a megawatt of ETCNL into a TCC pursuant to Section 19.4.1 of Attachment M of this ISO OATT.

Excess Congestion Rents: Congestion revenues in the Day-Ahead Market for Energy collected by the ISO that are in excess of its Day-Ahead payment obligations. Excess Congestion Rents may arise if Congestion occurs in the Day- Ahead Market for Energy and if the Day-Ahead Transfer Capability of the Transmission System is not exhausted by the set of TCCs and Grandfathered Rights that have been allocated at the completion of the last Centralized TCC Auction.

Existing Transmission Agreement ("ETA"): An agreement between two or more Transmission Owners, or between a Transmission Owner and another entity, in existence at the time of ISO start-up and providing for transmission service by a Transmission Owner to another Transmission Owner or another entity. Table 1A of Attachment L lists all ETAs. ETAs include Transmission Wheeling Agreements (including MWAs and Third Party TWAs) and Transmission Facility Agreements.

Existing Transmission Capacity for Native Load ("ETCNL"): Transmission capacity identified on a Transmission Owner's transmission system to serve the Native Load customers of the current Transmission Owners (as of the filing date of the original ISO Tariff-January 31, 1997) for the purposes of allocating revenues from the sale of TCCs related to that capacity. This includes transmission capacity required: (1) to deliver the output from Generators located out of a Transmission Owner's Transmission District; (2) to deliver power purchased under power supply contracts; and (3) to deliver power purchased under third party agreements (<u>i.e.</u>, Non-Utility Generators). Existing Transmission Capacity for Native Load is listed in Attachment L, Table 3, "Existing Transmission Capacity Reservations for Native Load Table."

Expected Load Reduction: For purposes of determining the Real-Time Locational Based Marginal Price, the reduction in Load expected to be realized in real-time from activation of the Emergency Demand Response Program and from Load reductions requested from Special Case Resources, as established pursuant to ISO Procedures.

Export: A Bilateral Transaction or purchase from the LBMP Market where the Energy is delivered to an NYCA interconnection with another Control Area.

External: An entity (<u>e.g.</u>, Supplier, Transmission Customer) or facility (<u>e.g.</u>, Generator, Interface) located outside the Control Area being referenced or between two or more Control Areas. Where a specific Control Area is not referenced, the NYCA is the intended reference.

External Transactions: Purchases, sales or exchanges of Energy, Capacity or Ancillary Services for which either the Point of Injection ("POI") or Point of Withdrawal ("POW") or both are located outside the NYCA (<u>i.e.</u>, Exports, Imports or Wheels Through).

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 <u>et seq.</u> (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: "RTC₀₀," RTC₃₀, and "RTC₄₅: 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, RTC₁₅ 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 cooptimizes 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.

1.19 Definitions - S

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

Scheduled Energy Injection: Energy injections which are scheduled on a real-time basis by RTC.

Scheduled Energy Withdrawal: Energy Withdrawals which are scheduled on a real-time basis by RTC.

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

SCUC: Security Constrained Unit Commitment, described in Attachment C of the Tariff.

Second Contingency Design and Operation: The planning, design and operation of a power system such that the loss of any two (2) facilities will not result in a service interruption to either native load customers or contracted firm Transmission Customers. Second Contingency Design and Operation criteria do not include the simultaneous loss of two (2) facilities, but rather consider the loss of one (1) facility and the restoration of the system to within acceptable operating parameters, prior to the loss of a second facility. These criteria apply to thermal, voltage and stability limits and are generally equal to or more stringent than NYPP, NPCC and NERC criteria.

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

Secondary Holder: Entities that purchase TCCs and have not been certified as a Primary Holder by the ISO.

Secondary Market: A market in which Primary and Secondary Holders sell TCCs by mechanisms other than through the Centralized TCC Auction, Reconfiguration Auction, or by Direct Sale.

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

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

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

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

Service Agreement: The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the ISO for service under the Tariff or any unexecuted Service Agreement, amendments on supplements thereto, that the ISO unilaterally files with the Commission.

Service Commencement Date: The date the ISO begins to provide service pursuant to the terms of an executed Service Agreement, or the date the ISO begins to provide service in accordance with Section 3.3.3 or Section 4.2.1 under the Tariff.

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

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

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

Short-Term Firm Point-To-Point Transmission Service: Firm Point-to-Point Service, the price of which is fixed for a short term by a Transmission Customer acquiring sufficient TCCs with the same Points of Receipt and Delivery as its Transmission Service.

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

Special Test Transactions: The revenues or costs from purchases and/or sales of Energy that may occur pursuant to virtual regional dispatch/intra-hour transaction pilot tests conducted by the ISO to analyze potential solutions for, or approaches to resolving inter-market "seams" issues with neighboring control area operators.

Start-Up Bid: A Bid parameter that may vary hourly and that identifies the payment a Supplier requires to bring a Generator up to its specified minimum operating level from an offline state or a Demand Side Resource from a level of no Demand Reduction to its specified minimum level of Demand Reduction.

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

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

Strandable Costs: Prudent and verifiable expenditures and commitments made pursuant to a Transmission Owner's legal obligations that are currently recovered in the Transmission

Owner's retail or wholesale rate that could become unrecoverable as a result of a restructuring of the electric utility industry and/or electricity market, or as a result of retail-turned-wholesale customers, or customers switching generation or transmission service suppliers.

Stranded Investment Recovery Charge ("SIRC"): A charge established by a Transmission Owner to recover Strandable Costs.

Sub-Auctions: The set of rounds in a given Capability Period Auction in which TCCs of a given duration may be purchased.

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

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

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

Supplemental Resource Evaluation ("SRE"): A determination of the least cost selection of additional Generators, which are to be committed, to meet: (i) changed or local system conditions for the Dispatch Day that may cause the Day-Ahead schedules for the Dispatch Day to be inadequate to meet the reliability requirements of the Transmission Owner's local system or to meet Load or reliability requirements of the ISO; or (ii) forecast Load and reserve requirements over the six-day period that follows the Dispatch Day.

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

1.20 Definitions - T

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

Third Party Sale: Any sale for resale in interstate commerce to a power purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.

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

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

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

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

Transaction: The purchase and/or sale of Energy or Capacity, or the sale of Ancillary Services. A Transaction bid into the Energy market to sell or purchase Energy or to schedule a Bilateral Transaction includes a Point of Injection and a Point of Withdrawal.

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

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

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

Transmission Customer: Any Eligible Customer (or its designated agent) that (i) executes a Service Agreement, or (ii) requests in writing that the ISO file with the Commission a proposed unexecuted Service Agreement to receive Transmission Service under Part 3, 4 and/or 5 of the Tariff.

Transmission District: The geographic area served by the Investor-Owned Transmission Owners and LIPA, as well as the customers directly interconnected with the transmission facilities of the Power Authority of the State of New York.

Transmission Facility Agreement ("TFA"): Agreements governing the use of specific or designated transmission facilities charges to cover all, or a portion, of the costs to install, own, operate, or maintain transmission facilities, to the customer under the agreement and that have provisions to provide Transmission Service utilizing said transmission facilities. All Transmission Facility Agreements are listed in Attachment L. Table 1A, and are designated in the "Treatment" column as "Facility Agmt. – MWA."

Transmission Facilities Under ISO Operational Control: The transmission facilities of the Transmission Owners listed in Appendix A-1 of the ISO/TO Agreement, ("Listing of Transmission Facilities Under ISO Operational Control,") that are subject to the Operational Control of the ISO. This listing may be amended from time-to-time as specified in the ISO/TO Agreement.

Transmission Facilities Requiring ISO Notification: The transmission facilities of the Transmission Owners listed in Appendix A-2 of the ISO/TO Agreement, "Listing of Transmission Facilities Requiring ISO Notification," whose status of operation must be provided to the ISO by the Transmission Owners (for the purposes stated in the ISO Tariffs and in accordance with the ISO OATT and ISO/TO Agreement) prior to the Transmission Owners making operational changes to the state of these facilities. This listing may be amended from time-to-time as specified in the ISO/TO Agreement.

Transmission Fund: The mechanism used under the current NYPP Agreement to compensate the Member Systems for providing Transmission Service for economy Energy Transactions over their transmission systems. Each Member System is allocated a share of the economy Energy savings in dollars assigned to the fund that is based on the ratio of their investment in transmission facilities to the sum of investments in transmission and generation facilities.

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

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

Transmission Plan: A plan developed by the ISO staff with Transmission Owner's support that is a compilation of transmission projects proposed by the Transmission Owners and others, that are found to meet all applicable criteria.

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

Transmission Service: Point-To-Point, Network Integration or Retail Access Transmission Service provided under Parts 3, 4 and 5 of the Tariff.

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

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

Transmission System: The facilities operated by the ISO that are used to provide Transmission Services under Part 3, Part 4 or Part 5 of this Tariff.

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

Transmission Wheeling Agreement ("TWA"): The agreements listed in Table 1A of Attachment L to the ISO OATT governing the use of specific or designated transmission facilities that are owned, controlled or operated by an entity for the transmission of Energy in interstate commerce. TWAs between Transmission Owners have been modified such that all TWAs between Transmission Owners are now MWAs.

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-tohour 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.

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:

 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 realtime 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:

- 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");
- 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;
- 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;
- 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 realtime 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 loadCurtailment, if necessary.