

6.3 Schedule 3 - Charges for Regulation Service

Regulation Service is necessary to provide for the continuous balance of resources (generation and interchange) with Load. The obligation to maintain this balance between Resources and Load lies with the ISO. The ISO must offer this service when the Transmission Service is used to serve Load within the NYCA and when LSEs use Energy from the LBMP Market to service Load within the NYCA. The charges for Regulation Service are set forth below.

6.3.1 Customer Obligations and Responsibilities

LSEs shall purchase this service from the ISO.

6.3.2 Charges to LSEs

6.3.2.1 For all Actual Energy Withdrawals for Load located in the NYCA, LSE taking service under the OATT or buying Energy from the LBMP Market shall pay a charge for this service on all withdrawals to serve Load in the NYCA in accordance with this Rate Schedule.

6.3.2.2 The ISO shall charge LSEs serving Load in the NYCA for Regulation Service for each hour. The ISO shall charge LSEs taking service under Section 5 of the ISO OATT to supply Station Power as third-party providers for Service for each day. The charge shall be calculated as the Regulation Service Rate, determined as an hourly or a daily rate as appropriate, multiplied by the LSE's Load for the hour or by the LSE's withdrawals to provide Station Power as a third party provider for the day. The ISO shall calculate the Regulation Service Rate, for an hour or for a day as appropriate, as follows:

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

where: $Rate_{Reg}$ is the hourly or daily rate for Regulation Service (\$/MWh);

Supplier Payment is the aggregate of all Day-Ahead Market and Real-Time Market payments (including Regulation Revenue Adjustment Payments) made by the ISO to all Suppliers of this Regulation Service as described in Rate Schedule 3 of the ISO Services Tariff for the hour or for the day;

Supplier Charge is the aggregate of: (i) charges paid by all Suppliers for poor Regulation Service performance, as described in Section 15.3.5.4; (ii) all real-time imbalance charges paid by Suppliers under Section 15.3.5.2(a) of that Rate Schedule; and (iii) all Regulation Revenue Adjustment Charges assessed pursuant to Section 15.3.6 of that Rate Schedule for the hour or for the day;

Generator Charge is the aggregate of charges paid by all Generators that do not provide Regulation Service and do not follow their RTD Base Points sufficiently accurately, as described in Rate Schedule 3A of the ISO Services Tariff for the hour or for the day; and

$Load_{NYCA}$ is the total Load in the NYCA for the hour or for the day, as appropriate.

6.3.2.3 In any hour where the charges paid by Generators and Suppliers, as described in the ISO Services Tariff, exceed the payments made to Suppliers of this service (i) the ISO shall not assess a charge against any LSE, and (ii) the surplus will be applied to the following hour as an offset to subsequent payments.

6.3.2.4 Charges to be paid by LSEs for this service shall be aggregated to render a monthly charge. The ISO shall credit charges paid for Regulation Service by LSEs taking service under Section 5 of the ISO OATT to supply Station Power as

third-party providers for the day on a Load ratio share basis to LSEs serving Load in the NYCA for the day.