

5.1 Rights and Responsibilities of Eligible Customers and LSEs

5.1.1 Eligible Customers:

Subject to Section 5.1.2, each Eligible Customer taking service under a retail access tariff of a Transmission Owner may, but need not, select an LSE to serve its needs for Energy and related services, according to the provisions of the applicable retail access tariff or retail access operating procedures. Such Eligible Customer must become a Transmission Customer under this Tariff. Each retail access customer shall be responsible for paying the retail Transmission Service Charge to the affected Transmission Owner, as provided for in the individual Transmission Owner's retail access tariffs. If an Eligible Customer selects an LSE to serve as its agent in procuring Transmission Service from the ISO, that LSE shall be responsible for all Transmission Usage Charges and other charges associated with the Transmission Service received, and billed in accordance with Section 2.7 of this Tariff. If accommodated by the applicable retail access program, an Eligible Customer may become the customer of an LSE, with that LSE serving not as an agent, but as a Transmission Customer of the ISO who procures and resells Transmission Service to the Eligible Customer. Eligible Customers using the services of an LSE, either as an agent or a reseller of Transmission Service, need not individually enter into a Service Agreement with the ISO.

5.1.2 Load Serving Entities

5.1.2.1 General Requirements:

LSEs (including Eligible Customers serving as their own LSE) shall be responsible for scheduling Transmission Service and providing forecasts and other information applicable to the Eligible Customers they serve or for whom they act as agents, as required by ISO Procedures.

All LSEs must satisfy the ISO's requirements, including a requirement that LSEs schedule transactions in whole increments of 1 MW or greater in each hour at each Point of Receipt and each Point of Delivery. LSEs may provide this information aggregated to reflect the combined requirements of the Eligible Customers they serve or for whom they act as agents, to the extent permitted by ISO Procedures. All LSEs must execute a Service Agreement with the ISO pursuant to this Tariff.

5.1.2.2 RG&E's Retail Access Plan:

LSEs participating in RG&E's retail access program are considered Eligible Customers for purposes of service under this Tariff. Such LSEs will take service under all Parts of this Tariff and will pay a wholesale TSC to RG&E.

5.1.2.3 Retail Access Programs:

Each LSE participating in one or more of the retail access programs of Central Hudson, Consolidated Edison, LIPA, NYSEG, Niagara Mohawk and Orange and Rockland will sign Service Agreements under this Tariff as both a Transmission Customer and as an agent for retail access customers. Each LSE participating in such programs will certify to the ISO that they are the duly authorized agent of the retail access customers they are representing and have met all relevant PSC and individual Transmission Owner criteria. Each LSE will be responsible for paying the Transmission Usage Charges, and all other charges due here under, except the retail access customer, not the LSE, will be responsible for paying the TSC to the affected Transmission Owner.

5.1.3 Transmission Service Charges:

The TSC calculated under the terms of this Tariff may be collected by the Transmission

Owners in one of the following ways: (a) for retail access customers participating in Central Hudson's, Consolidated Edison's, LIPA's, New York State Electric & Gas's, Niagara Mohawk Power Corporation's, or Orange and Rockland's retail access programs, the Transmission Owner may collect its TSC directly from each Customer in its service territory that takes service under its retail access tariffs, or (b) for retail access customers participating in the RG&E's retail access program, the Transmission Owner may collect its TSC directly from the LSEs serving Load in its service territory, commensurate with each LSE's utilization of its system. The rates charged for retail access Transmission Service and the terms and condition for such service shall be in accordance with the provisions of the Transmission Owner's retail access tariff. In addition, the manner in which these charges are collected and the billing procedures shall be determined by the Transmission Owner in accordance with its filed retail access tariff and retail access plans and procedures.

5.1.4 Settlement Procedures:

Consistent with each Transmission Owner's retail access plan, the ISO shall initially utilize the services of the Transmission Owners to assist in the data collection and processing necessary to provide for financial Settlement for the services provided under this Tariff, consistent with the ISO's Settlement procedures. Any LSE whose Load is not adequately metered to allow the ISO to implement its Settlement procedures, will have its Load determined by the Transmission Owner in whose Load Zone it is located in accordance with the Transmission Owner's retail access plan on file with the PSC, or in the case of LIPA, its lawfully established rates and terms. The ISO shall use this data in developing its Settlement information and charges under this Part IV of this Tariff. The ISO's Settlement procedures shall be designed to coordinate with the retail access tariffs of each Transmission Owner, and shall accommodate

the allocation of cost responsibility for unaccounted-for Energy, theft, and losses on delivery facilities not explicitly included in the ISO's loss calculation model among all LSEs serving Load pursuant to that Transmission Owner's retail access program.