

2 Common Service Provisions

2.1 Term and Effectiveness

2.1.1 Effectiveness:

This Tariff shall become effective on the latest of the following: (i) September 1, 1999; (ii) Commission approval of (a) this Tariff; (b) the ISO Services Tariff; (c) the ISO Agreement; (d) NYSRC Agreement; (e) the ISO/NYSRC Agreement; and (f) the ISO/TO Agreement; (iii) the date on which both the Commission and the PSC grant all necessary approvals to the Member Systems to transfer Operational Control of any facilities to the ISO or otherwise dispose of any of their property, including, without limitation, those approvals required under Section 70 of the New York Public Service Law (“PSL”) and Section 203 of the Federal Power Act (“FPA”); (iv) the last date that any other approval or authorization is received, to the extent such additional approval or authorization is necessary; (v) execution of the ISO Related Agreements with the exception of any Operating Agreement; or (vi) such later date specified by the Commission.

2.1.2 Term and Termination:

This Tariff shall remain in effect until: (i) canceled by the ISO upon sixty (60) days prior written notice in accordance with applicable Commission regulations; or (ii) the effective date of, any law, order, rule, regulation, or determination of a body of competent jurisdiction requiring termination or a material modification of this Tariff and/or Service Agreements related to this Tariff that would be inconsistent with any term or provision of the ISO/TO Agreement. Any Transmission Customer may withdraw from this Tariff on thirty (30) days prior written notice to the ISO.

2.2 Initial Allocation and Renewal Procedures

2.2.1 Initial Allocation of Available Transfer Capability:

Firm Transmission Service under this Tariff is obtained when the Transmission Customer agrees to pay the Congestion associated with its service. A Transmission Customer may fix the price of Congestion costs associated with its Firm Transmission Service through the purchase of a sufficient quantity of Transmission Congestion Contracts (“TCCs”), including Fixed Price TCCs that are obtained under Attachment M to this Tariff, with receipt and delivery points corresponding to its Transmission Service. TCCs are solely financial instruments that do not establish any rights to, or the availability of, Transmission Service. For purposes of determining whether existing capability on the NYS Transmission System is adequate to accommodate a request for Firm Transmission Service under this Tariff, the ISO shall employ Security Constrained Unit Commitment (“SCUC”), Real-Time Commitment (“RTC”) and Real-Time Dispatch (“RTD”) programs in accordance with Attachment C. The availability of TCCs will be determined as described in Attachment M.

2.2.2 Reservation Priority For Existing Firm Service:

Existing firm service customers (wholesale requirements and transmission-only, with a contract term of extending beyond the ISO implementation date), have the right to take Transmission Service from the ISO in accordance with the provisions of Attachment K. This transmission reservation priority is independent of whether the existing customer continues to purchase Capacity and Energy from a Transmission Owner or elects to purchase Capacity and Energy from another Supplier.

At the end of their contract terms, certain LSEs may have the right to obtain Historic Fixed Price TCCs in accordance with Attachment M to this Tariff.

All NYS Transmission Capacity associated with expired Grandfathered Rights and/or Grandfathered TCCs other than that needed to support Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT), shall be made available to support TCCs available for purchase in the next Centralized TCC auction facilitated by the ISO, pursuant to the provisions of Attachment M.

2.3 Ancillary Services

Ancillary Services are needed with Transmission Service to maintain reliability within and among the Control Areas affected by the Transmission Service. The ISO provides the following Ancillary Services: (i) Scheduling, System Control and Dispatch, (ii) Voltage Support Service, (iii) Regulation Service, (iv) Energy Imbalance; (v) Operating Reserves Service, and (vi) Black Start Service.

The specific Ancillary Services, prices and/or compensation methods are described on the schedules that are attached to and made a part of this Tariff. Sections 2.3.1 through 2.3.6 below list the six Ancillary Services.

2.3.1 Scheduling, System Control and Dispatch Service:

The costs for Scheduling, System Control, and Dispatch Service are included among those costs recovered through Schedule 1.

2.3.2 Voltage Support Service:

The rates and/or methodology are described in Schedule 2.

2.3.3 Regulation Service:

The rates and/or methodology are described in Schedule 3.

2.3.4 Energy Imbalance Service:

The rates and/or methodology are described in Schedule 4.

2.3.5 Operating Reserve Service:

The rates and/or methodology are described in Schedule 5.

2.3.6 ISO Black Start Capability:

The rates and/or methodology are described in Schedule 6.

2.4 Open-Access Same Time Information System (“OASIS”)

Terms and conditions regarding Open Access Same-Time Information System and Standards of Conduct are set forth in Part 37 of the Commission’s regulations (“Open Access Same-Time Information System and Standards of Conduct for Public Utilities”) and 18 C.F.R. § 38 of the Commission’s regulations (Business Practice Standards and Communication Protocols for Public Utilities). The ISO will maintain an OASIS, including a Bid/Post System, for purposes of scheduling Transmission Service.

The ISO shall post on OASIS and its public website an electronic link to all rules, standards and practices that (i) relate to the terms and conditions of Transmission Service, (ii) are not subject to a North American Energy Standards Board (NAESB) copyright restriction, and (iii) are not otherwise included in this Tariff. The ISO shall post on OASIS and on its public website an electronic link to the NAESB website where any rules, standards and practices that are protected by copyright may be obtained. The ISO shall also post on OASIS and its public website an electronic link to a statement of the process by which the ISO shall add, delete or otherwise modify the rules, standards and practices that are not included in this tariff. Such process shall set forth the means by which the ISO shall provide reasonable advance notice to Transmission Customers and Eligible Customers of any such additions, deletions or modifications, the associated effective date, and any additional implementation procedures that the ISO deems appropriate.

2.5 Local Furnishing Bonds and Other Tax Exempt Financing

2.5.1 Tax Exempt Financing Pursuant to Section 142(f) of the Internal Revenue Code:

This provision is applicable only to Transmission Owners that have financed facilities for the local furnishing of Energy with Local Furnishing Bonds, as described in Section 142(f) of the Internal Revenue Code (“Local Furnishing Bonds”). Notwithstanding any other provision of this Tariff, neither the ISO nor the Transmission Owner shall be required to provide transmission service to any Eligible Customer pursuant to this Tariff if the provision of such transmission service would jeopardize the tax-exempt status of any Local Furnishing Bond(s) used to finance the Transmission Owner’s facilities.

2.5.2 Section 211 Order:

The provision of transmission service under this Tariff shall also constitute provision of transmission service pursuant to an Order by the Commission under Section 211 of the FPA with respect to the transmission of electricity on Consolidated Edison’s transmission system.

2.5.3 Alternative Procedures for Requesting Transmission Service:

(i) If a Transmission Owner other than LIPA determines that the provision of transmission service requested by an Eligible Customer would jeopardize the tax-exempt status of any Local Furnishing Bond(s), the Transmission Owner shall advise the ISO within thirty (30) days of receipt of the Completed Application from an Eligible Customer requesting such service, or on the date on which this Tariff becomes effective, whichever is applicable. If LIPA determines that the provision of Transmission Service requested by an Eligible Customer would jeopardize the tax-exempt status of any Local Furnishing Bond(s) or LIPA Tax-Exempt Bonds, LIPA shall promptly advise the ISO.

(ii) If the Eligible Customer thereafter renews its request for the same transmission service referred to in (i) by tendering an application under Section 211 of the FPA, the Transmission Owner, within ten (10) days of receiving a copy of the Section 211 application, will waive its rights to a request for service under Section 213(a) of the FPA and to the issuance of a proposed order under Section 211 of the FPA. The Commission, upon receipt of the Transmission Owner's waiver of its rights to a request for service under Section 213(a) of the FPA and to the issuance of a proposed order under Section 211 of the FPA, shall issue an order under Section 211 of the FPA. Upon issuance of the order under Section 211 of the FPA, the ISO and the Transmission Owner shall be required to provide the requested Transmission Service in accordance with the terms and conditions of this Tariff.

2.5.4 Tax Exempt Financing Pursuant to Section 103 and Related Provision of the Internal Revenue Code:

This provision is applicable only to NYPA which has financed transmission facilities with the proceeds of bonds issued pursuant to Section 103 and related provisions of the Internal Revenue Code ("Government Bonds"). Notwithstanding any other provision of this Tariff, neither the ISO nor NYPA shall be required to provide Transmission Service to any Eligible Customer pursuant to this Tariff if provision of such transmission service would result in loss of the tax-exempt status of any government bonds or impair NYPA's ability to issue future tax-exempt obligations.

2.5.5 Transmission Service Effects on Use of Tax-Exempt Financing by LIPA:

This provision is applicable only to LIPA Tax-Exempt Bonds. Notwithstanding any other provisions of this Tariff, neither the ISO nor LIPA shall be required to provide Transmission Service to any Eligible Customer pursuant to this Tariff if the provision of such

Transmission Service would result in the loss of tax-exempt status of any of LIPA Tax-Exempt Bonds or impair the Long Island Power Authority's ability to issue future tax-exempt obligations.

2.5.6 Responsibility for Costs Associated With Loss of Tax-Exempt Status:

If by virtue of an order issued by the Commission pursuant to Section 211 of the FPA, the ISO or a Transmission Owner is required to provide Transmission Service that would adversely affect the tax-exempt status of a Transmission Owner's Local Furnishing Bonds, Government Bonds, LIPA Tax-Exempt Bonds, or any other tax-exempt debt obligations then the Eligible Customer receiving such Transmission Service will compensate the Transmission Owner for all costs, if any, associated with the loss of tax-exempt status plus the costs of Transmission Service.

2.5.7 Use of LIPA's Facilities:

All categories of Transmission Service into and out of the Long Island Transmission District shall require pre-approval by LIPA to ensure compliance with Sections 2.5.1 and 2.5.5, above. LIPA shall promptly inform the ISO of those categories of Transmission Service that are preapproved. Customers seeking Transmission Service into and out of the Long Island Transmission District shall submit requests for service to the ISO pursuant to the terms of its Tariffs. If a Customer requests a category of Transmission Service that is not pre-approved, the ISO shall reject the schedule and advise the Customer that such Transmission Service must first be reviewed by LIPA and determined to be capable of being provided in a manner that is consistent with Sections 2.5.1 and 2.5.5, above. The ISO shall schedule Transmission Service into and out of the Long Island Transmission District, including External Transactions, in accordance with its Tariffs. The ISO also shall adopt procedures for coordination of scheduling Transmission Service into and out of the Long Island Transmission District, including External

Transactions, consistent with the requirements of this Section and Section 11.02 of the ISO Agreement which shall be implemented on a nondiscriminatory basis.

2.6 Reciprocity

A Transmission Customer receiving Transmission Service under this Tariff agrees to provide comparable Transmission Service that it is capable of providing to each Transmission Owner on similar terms and conditions over facilities used for the transmission of Energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of Energy owned, controlled or operated by the Transmission Customer's corporate Affiliates. A Transmission Customer that takes Transmission Service from a power pool or Regional Transmission Group, Regional Transmission Organization (RTO), Independent System Operator (ISO) or other transmission organization approved by the Commission for the operation of transmission facilities also agrees to provide comparable transmission service to the transmission-owning members of such power pool and Regional Transmission Group, RTO, ISO, or other transmission organization on similar terms and conditions over facilities used for the transmission of Energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of Energy owned, controlled or operated by the Transmission Customer's corporate Affiliates.

This reciprocity requirement applies not only to the Transmission Customer that obtains Transmission Service under this Tariff, but also to all parties to a Transaction that involves the use of Transmission Service under this Tariff, including the power seller, buyer and any intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request Transmission Service under this Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn statement of one of its duly authorized officers or other representatives

that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

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 and the applicable Transmission Owner(s) of the TSC charge. The TSC will be payable by the Transmission Customer directly to the Transmission Owner(s).

2.7.2.1.5 Payable by Energy Storage Resources: Energy Storage Resources will pay a TSC directly to the Transmission Owner in whose Transmission District the Energy Storage Resource is located for Actual Energy Withdrawals by the Energy Storage Resource when it is not providing a service. However, an Energy Storage Resource that participates as a Co-located Storage Resource will only pay a TSC for net Actual Energy Withdrawals by the combined Co-located Storage Resources. An Energy Storage Resource that participates as a Co-located Storage Resource will not pay a TSC when it receives charging Energy from its co-located Intermittent Power Resource behind the Co-located Storage Resources' shared Point of Injection/Point of Withdrawal.

For purposes of this Section 2.7.2.1.5, an Energy Storage Resource is providing a "service" when it is withdrawing Energy if it also: (1) receives a Real-Time Market schedule for Operating Reserves; or (2) receives a Real-Time Market schedule for Regulation Service; or (3) is a qualified Supplier of Voltage

Support Service to the ISO in accordance with Section 15.2 of the ISO Services Tariff; or (4) is dispatched by the ISO as Out-of-Merit to meet NYCA or local system reliability in the same hour.

An Energy Storage Resource that submits Bids utilizing the Self-Committed Fixed bidding mode shall pay a TSC for its Actual Energy Withdrawals unless the Energy Storage Resource is either: (a) committed or dispatched by the ISO as Out-of-Merit to withdraw Energy in the same hour to address NYCA or local system reliability concerns, or (b) a qualified Supplier of Voltage Support Service to the ISO in accordance with Section 15.2 of the ISO Services Tariff.

When an Energy Storage Resource is subjected to a TSC, the TSC shall be payable regardless of whether the withdrawals are scheduled or unscheduled. The ISO will determine the amount of Actual Energy Withdrawals subject to the TSC charge and provide this information to both the Energy Storage Resource and the applicable Transmission Owner. The TSC will be payable by the Energy Storage Resource directly to the Transmission Owner.

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 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.

2.7.2.4.4 Payable by Energy Storage Resources: Each Energy Storage Resource in the NYCA shall pay an NTAC to the ISO based on the Energy Storage Resource's Actual Energy Withdrawals when the Energy Storage Resource is not providing a service. However, an Energy Storage Resource that participates as a Co-located Storage Resource will only pay an NTAC for net Actual Energy Withdrawals by the combined Co-located Storage Resources. An Energy Storage Resource that participates as a Co-located Storage Resource will not pay an NTAC when it receives charging Energy from its co-located Intermittent Power Resource behind the Co-located Storage Resources' shared Point of Injection/Point of Withdrawal.

For purposes of this Section 2.7.2.4.4, an Energy Storage Resource is providing a "service" when it is withdrawing Energy if it also: (1) receives a Real-Time Market schedule for Operating Reserves; or (2) receives a Real-Time Market schedule for Regulation Service; or (3) is a qualified Supplier of Voltage Support Service to the ISO in accordance with Section 15.2 of the ISO Services Tariff; or (4) is dispatched by the ISO as Out-of-Merit to meet NYCA or local system reliability in the same hour.

An Energy Storage Resource that submits Bids utilizing the Self-Committed Fixed bidding mode shall pay an NTAC for its Actual Energy Withdrawals unless the Energy Storage Resource is either: (a) committed or dispatched by the ISO as Out-of-Merit to withdraw Energy in the same hour to address NYCA or local system reliability concerns, or (b) a qualified Supplier of

Voltage Support Service to the ISO in accordance with Section 15.2 of the ISO Services Tariff.

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 true-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 true-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 Member System 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 Range	Type of Default	
	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.

2.8 Accounting for the Transmission Owner's Use of the Tariff

The Transmission Owners shall record the following amounts, as outlined below.

2.8.1 Transmission Revenue:

Transmission Owner shall include in a separate operating revenue account or subaccount, the revenues it receives from Transmission Service when making Third-Party Sales under Part 3 of this Tariff.

2.8.2 Study Costs and Revenues:

A Transmission Owner shall include in a separate transmission operating expense account or subaccount, costs properly chargeable to expense that are incurred by the Transmission Owner to perform any System Impact Study or Facilities Study to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including making Third-Party Sales under this Tariff; and include in a separate operating revenue account or subaccount the revenues received by the Transmission Owner for a System Impact Study or Facilities Study performed when such amounts are separately stated and identified in the Transmission Customer's billing under this Tariff.

2.9 Regulatory Filings

Subject to Section 2.10, nothing contained in the Tariff, any Service Agreement, or any Network Operating Agreement shall be construed as affecting in any way the right of the ISO, or any Transmission Owner, with respect to a change in its revenue requirement, to unilaterally make an application to the Commission, pursuant to Section 205 of the FPA, for a change in rates, terms and conditions, charges, classification of service, a Service Agreement or a Network Operating Agreement.

Subject to Section 2.10, nothing contained in this Tariff or any Service Agreement shall be construed as affecting in any way the ability of any party receiving service under this Tariff to exercise its rights under the FPA and pursuant to the Commission's rules and regulations promulgated thereunder.

2.10 Tariff Modifications

Notwithstanding any other provision in this Tariff, this Tariff may be modified only as follows: any proposed amendment to this Tariff must be submitted to both the ISO Management Committee and the ISO Board; if both the ISO Board and the ISO Management Committee agree to an amendment of this Tariff, the ISO shall file the proposed amendment with the Commission pursuant to Section 205 of the FPA; if the ISO Board and the ISO Management Committee do not agree on a proposed amendment of this Tariff, this Tariff shall not be subject to change pursuant to Section 205 of the FPA. Nothing herein is intended to limit the rights of the ISO or any person under Section 206 of the FPA.

2.11 Force Majeure and Indemnification and Liability Limitation

2.11.1 Force Majeure:

An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond a party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. The ISO, each Transmission Owner and each Transmission Customer will not be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

2.11.2 Indemnification:

The Transmission Customer shall at all times indemnify, defend, and save the ISO and each Transmission Owner harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the ISO's or the Transmission Owner's performance of its obligations under this Tariff on behalf of the Transmission Customer, except in cases of gross negligence or intentional wrongdoing by the ISO and except in the case of gross negligence or negligence consistent with the limitation of liability standards in Section 2.11.3(a), or intentional wrongdoing by the Transmission Owner. The ISO will procure insurance or other alternative risk financing arrangements sufficient to cover the risks associated with the carrying out of its responsibilities under this Tariff. The proceeds from such insurance shall be used prior to the

invocation by the ISO of its right to indemnification under this Section, through the Rate Schedule 1 charge. Except to the extent that indemnification of the ISO is required from a particular Transmission Customer because of the acts or omissions of the Transmission Customer, indemnification of or by the ISO shall be effected through the Rate Schedule 1 charge.

Nothing in this section shall preclude the ISO from seeking indemnification of penalty costs against Customers and Market Participants, including Transmission Owners, as provided in Schedule 11 of this Tariff, except that the ISO shall not be indemnified in instances of its gross negligence or intentional misconduct.

2.11.3 Limitation of Liability

- (a) The Transmission Owner shall not be liable, whether based on contract, indemnification, warranty, equity, tort, strict liability or otherwise, to any Transmission Customer, Market Participant, User, Interconnection Customer, Interconnecting Transmission Owner or any third party or other person for any damages whatsoever, including, without limitation, direct, incidental, consequential (including, without limitation, attorneys' fees and litigation costs), punitive, special, multiple, exemplary or indirect damages arising or resulting from any act or omission in any way associated with service provided under this Tariff, including, but not limited to, any act or omission that results in an interruption, deficiency or imperfection of service, except to the extent that the Transmission Owner is found liable for gross negligence or intentional misconduct, in which case the Transmission Owner will only be liable for direct damages. Nothing in this section, however, is intended to affect obligations

otherwise provided in agreements between the ISO and Transmission Owner.

Except with respect to an interruption of service or when a Transmission Owner is acting in good faith to implement or comply with the directives of the ISO, the foregoing provisions shall not limit the liability of the Transmission Owner for damages resulting from its own negligence in connection with property owned, installed or maintained by a retail or wholesale customer of the Transmission Owner or leased by the customer from a third party, or for any damages to a retail or wholesale customer resulting from the negligence of the Transmission Owner in connection with the Transmission Owner's operation of the transmission system or from the presence or operation of the Transmission Owner's structures, equipment, wires, pipes, appliances or devices on the customer's premises.

- (b) The ISO shall not be liable, whether based on contract, indemnification, warranty, equity, tort, strict liability or otherwise, to any Transmission Customer, Market Participant, User, Interconnection Customer, Interconnecting Transmission Owner or any third party or other person for any damages whatsoever, including, without limitation, direct, incidental, consequential (including, without limitation, attorneys' fees and litigation costs), punitive, special, multiple, exemplary or indirect damages arising or resulting from any act or omission in any way associated with service provided under this Tariff, including, but not limited to, any act or omission that results in an interruption, deficiency or imperfection of service, except to the extent that the ISO is found liable for gross negligence or intentional misconduct, in which case the ISO will only be liable for direct damages. Nothing in this section, however, is intended to affect obligations

otherwise provided in agreements between the ISO and Transmission Owner.

- (c) Neither the Transmission Owner nor the ISO shall be liable for damages arising out of services provided under this Tariff, including, but not limited to, any act or omission that results in an interruption, deficiency or imperfection of service, occurring as a result of conditions or circumstances beyond the control of the Transmission Owner or ISO, as applicable, or resulting from electric system design common to the domestic electric utility industry or electric system operation practices or conditions common to the domestic electric utility industry. The Transmission Owner shall not be liable for acts or omissions done in compliance or good faith attempts to comply with directives of the ISO.

2.11.4 Applicability to Generators:

The provisions on limitation of liability and damages, and on indemnification, set forth in Sections 2.11.2 and 2.11.3 shall be applicable to Generators acting in good faith to implement or comply with the directives of the Transmission Owner or the ISO.

2.11.5 ISO Cost Recovery:

To the extent that the ISO is required to pay any money damages or compensation or pay amounts due to its indemnification of any other party, the ISO shall be allowed to recover any such amounts under Schedule 1 of this ISO OATT as part of the Administrative Charges.

2.11.6 Reliability Compliance and Penalty Cost Recovery

- (a) Customer Compliance with Reliability Standards: In accordance with applicable requirements in this Tariff and the ISO Procedures, all Customers shall conform to all applicable reliability criteria, policies, standards, rules, regulations and other

requirements of NERC, NPCC, NYSRC, or any applicable regional council, or their successors, the ISO's specific reliability requirements and ISO Procedures, and operating guidelines and all applicable requirements of federal and state regulatory authorities. Failure to conform to these requirements may subject a Customer to direct assignment of penalties assessed against the ISO by FERC, NERC, NPCC or any other federal or state regulatory authority as a result of such Customer's failure to conform.

- (b) Direct Assignment of Penalty Costs: The ISO's compliance with applicable reliability criteria, policies, standards, rules, regulations and other requirements is sometimes dependent on timely, accurate and adequate information and/or action on the part of a Customer. If the ISO is found to be non-compliant with respect to any applicable reliability criteria, policies, standards, rules, regulations and other requirements as a result of a Customer's actions or failure to act in violation of an obligation imposed by the ISO Tariffs, ISO Procedures, or ISO Related Agreements, the ISO may seek to directly assign to the Customer the cost of a penalty imposed on the ISO as a consequence of the Customer's non-compliance. If the Customer is found to be non-compliant with respect to any applicable reliability criteria, policies, standards, rules, regulations and other requirements as a result of the ISO's actions or failure to act in violation of an obligation imposed by the ISO Tariffs, ISO Procedures, or ISO Related Agreements, the Customer may seek to directly assign to the ISO the cost of a penalty imposed on the Customer as a consequence of the ISO's non-compliance. Any direct assignment of penalty costs must first be approved by FERC, as provided in Schedule 11 of

this Tariff.

- (c) ISO's Recovery of Penalty Costs Through Schedule 11: If direct assignment to a particular Customer is not possible or if the ISO is directly responsible for a violation because of its own action or inaction, the ISO may seek to recover such penalty costs in Schedule 11 Section 6.11.3 of this Tariff. Any inclusion of penalty costs in Schedule 11 must first be approved by FERC on a case-by-case basis, as provided in Schedule 11. Prior to seeking FERC authorization for recovery of a penalty in Schedule 11 Section 6.11.3 of this Tariff, the ISO shall consult with the Management Committee and any appropriate subcommittee or working groups designated by the Management Committee, regarding the recovery and allocation of such penalty before filing at FERC. Any recommendation by the Management Committee regarding a proposed penalty recovery shall be reported by the ISO to FERC in any ISO filing seeking penalty recovery.
- (d) As used in this section, the term "Customer" shall include Transmission Owners.

2.12 Back-Up Operation

2.12.1 Back-Up Operation Procedures:

The ISO shall maintain Back-Up Operation procedures that will carry out the intent and purposes of this ISO OATT, to the extent practical, in circumstances under which the normal communications or computer systems of the ISO are not fully functional. Such procedures shall include testing requirements and training for the ISO staff, and Transmission Owners. If a communication or computer system malfunction results in the ISO's inability to operate the NYCA in accordance with ISO Procedures or under approved testing procedures, the ISO will direct the Transmission Owners to assume the responsibility to operate their respective systems, including facilities that a Transmission Owner has agreed to operate in accordance with an operation and maintenance agreement, in accordance with Good Utility Practice to facilitate the operation of the NYCA in a safe and reliable manner.

The Transmission Owners will continue to operate their respective systems, including facilities that a Transmission Owner has agreed to operate in accordance with an operation and maintenance agreement, until such time that the ISO is ready to resume control. During Back-Up Operation, the Transmission Owner control centers will operate to maintain the Desired Net Interchange ("DNI") within each Transmission District. Generator Bid curves will be provided by the ISO to the individual Transmission Owners in order to permit dispatch by the Transmission Owners, subject to the Transmission Owner code of conduct to the extent applicable. Normal Day-Ahead Market and Real-Time Market operations may be halted if required.

2.12.2 Market Participant and Transmission Customer Obligations:

During Back-Up Operation, Transmission Customers and other Market Participants shall

comply with any and all instructions and orders issued by the ISO or the Transmission Owners.

2.12.3 Billing and Settlement:

In the event that Back-Up Operation is implemented, the billing and settlement procedures contained in Section 2.7 of this ISO OATT shall apply only to the extent they can be implemented by the Back-Up Operation procedures. The ISO will develop and apply as necessary modified billing and settlement procedures for use under the specific circumstances that required Back-Up Operation. The ISO shall gather necessary information, manually reconstruct the billing information as soon as practical, and submit invoices to Transmission Customers. The ISO shall be under no obligation to comply with the billing procedure time limits specified in Article 2.7. Neither the ISO nor the Transmission Owners shall be liable, under any circumstances, for any economic losses suffered by any Transmission Customer, Market Participant, or third party, resulting from the implementation by the ISO of Back-Up Operation or from compliance with orders issued by the ISO or Transmission Owners that were necessary to operate the NYCA in a safe and reliable manner. Such orders may include, without limitation, instructions to generation facilities to increase or decrease output, and instructions to Load to reduce or interrupt service.

2.13 Emergency Notification:

The ISO shall notify the Commission and the PSC one business day after declaring a Major Emergency.

2.14 Creditworthiness

All Transmission Customers and applicants seeking to become Transmission Customers shall be subject to the creditworthiness requirements contained in Attachment K to the ISO Services Tariff, including the minimum participation criteria set forth in Section 26.1 of Attachment K. “Customer,” as used in Attachment K to the ISO Services Tariff, shall also mean “Transmission Customer” and an applicant seeking to become a Transmission Customer.

2.15 List of Affiliates and/or Parent Company

A Transmission Customer taking service under the Tariff shall provide the ISO, upon application for service, with a list identifying its parent company as well as any Affiliates. The Transmission Customer shall notify the ISO within 30 days of the effective date of any change to the original list. Any Transmission Customer shall respond within 10 days, to a request by the ISO to update the list of Affiliates and/or parent company. In addition, a Transmission Customer and an applicant seeking to become a Transmission Customer shall inform the ISO of any Affiliates that are currently taking service or applying to take service under the Tariffs.

2.16 Dispute Resolution Procedures

The dispute resolution procedures in the ISO Market Administration and Control Area Services Tariff shall apply to any dispute arising under this Tariff, except as otherwise indicated.

2.17 Incorporation of Certain Business Practice Standards

Pursuant to Commission Order No. 676-I, the ISO incorporates by reference the following business practice standards developed by the North American Energy Standards Board's Wholesale Electric Quadrant:

- (1) WEQ-000, Abbreviations, Acronyms, and Definition of Terms, standard WEQ-000-2 ([WEQ] Version 003.1, September 30, 2015) including only: the definitions of Interconnection Time Monitor, Time Error, and Time Error Correction;
- (2) WEQ-000, Abbreviations, Acronyms, and Definition of Terms ([WEQ] Version 003.2, Dec. 8, 2017 (with minor correction applied July 23, 2019));
- (3) WEQ-001, Open Access Same-Time Information Systems (OASIS), [OASIS] Version 2.2 ([WEQ] Version 003.2, Dec. 8, 2017), excluding standards WEQ-001-9 preamble text, WEQ-001-10 preamble text except as provided in section 2.17.1 below;
- (6) WEQ-004, Coordinate Interchange ([WEQ] Version 003.2, Dec. 8, 2017), except as provided in section 2.17.1 below;
- (7) WEQ-005, Area Control Error (ACE) Equation Special Cases ([WEQ] Version 003.2, Dec. 8, 2017));
- (8) WEQ-006, Manual Time Error Correction ([WEQ] Version 003.1, Sept. 30, 2015);
- (9) WEQ-007, Inadvertent Interchange Payback ([WEQ] Version 003.2, Dec. 8, 2017);
- (10) WEQ-008, Transmission Loading Relief - Eastern Interconnection, ([WEQ] Version 003.2, Dec. 8, 2017);
- (11) WEQ-011, Gas/Electric Coordination ([WEQ] Version 003.2, Dec. 8, 2017);
- (12) WEQ-012 Public Key Infrastructure (PKI) ([WEQ] Version 003.2, Dec. 8, 2017);
- (14) WEQ-015, Measurement and Verification of Wholesale Electricity Demand Response ([WEQ] Version 003.2, Dec. 8, 2017);
- (15) WEQ-021, Measurement and Verification of Energy Efficiency Products ([WEQ] Version 003.2, Dec. 8, 2017); and
- (16) WEQ-022, Electric Industry Registry ([WEQ] Version 003.2, Dec. 8, 2017).

2.17.1 The ISO is not required to comply with the following Standards:

- (3) WEQ-001 Open Access Same-Time Information Systems (OASIS), [OASIS] Version 2.2 ([WEQ] Version 003.2, Dec. 8, 2017), excluding standards WEQ-001-9 preamble text, WEQ-001-10 preamble text: Standards 001-2, 001-3, 001-4, 001-5, 001-6, 001-7, 001-8, 001-9, 001-10, 001-011, 001-012, 001-13.1.2, 001-13.1.3 (c), 001-014, 001-015, 001-016, 001-017, 001-020, 001-021, 001-022, 001-23, 001-24, 001-25, 001-101 through 001-107.3.1,

001-Appendix A, and 001-Appendix B, pursuant to *New York Independent System Operator, Inc.*, 178 FERC ¶ 61,165 (March 7, 2022);

(4) WEQ-002, Open Access Same-Time Information System (OASIS) Business Practice Standards and Communication Protocols (S&CP), [OASIS] Version 2.2 ([WEQ] Version 003.2, Dec. 8, 2017), pursuant to *New York Independent System Operator, Inc.*, 178 FERC ¶ 61,165 (March 7, 2022);

(5) WEQ-003, Open Access Same-Time Information Systems (OASIS) Data Dictionary Business Practice Standards, [OASIS] Version 2.2 ([WEQ] Version 003.2, Dec. 8, 2017) (with minor corrections applied July 23, 2019), pursuant to *New York Independent System Operator, Inc.*, 178 FERC ¶ 61,165 (March 7, 2022);

(6) WEQ-004, Coordinate Interchange ([WEQ] Version 003.2, Dec. 8, 2017): Standards 004-3, 004-18, and 004-Appendix A and 004-Appendix C, pursuant to *New York Independent System Operator, Inc.*, 178 FERC ¶ 61,165 (March 7, 2022);

(13) WEQ-013, Open Access Same-Time Information Systems (OASIS) Implementation Guide, [OASIS] Version 2.2 ([WEQ] Version 003.2, Dec. 8, 2017), pursuant to *New York Independent System Operator, Inc.*, 178 FERC ¶ 61,165 (March 7, 2022); and

(17) WEQ-023, Modeling ([WEQ] Version 003.2, Dec. 8, 2017), including only: standards WEQ-023-5; WEQ-023-5.1; WEQ-023-5.1.1; WEQ-023-5.1.2; WEQ-023-5.1.2.1; WEQ-023-5.1.2.2; WEQ-023-5.1.2.3; WEQ-023-5.1.3; WEQ-023-5.2; WEQ-023-6; WEQ-023-6.1; WEQ-023-6.1.1; WEQ-023-6.1.2; and WEQ-023-A Appendix A, pursuant to *New York Independent System Operator, Inc.*, 178 FERC ¶ 61,165 (March 7, 2022) .

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.

3.4 Transmission Customer Responsibilities

3.4.1 Conditions Required of Transmission Customers:

Point-To-Point Transmission Service shall be provided by the ISO only if the following conditions are satisfied by the Transmission Customer:

- a. The Transmission Customer has pending a Completed Application for service;
- b. The Transmission Customer meets the creditworthiness criteria set forth in Attachment W;
- c. The Transmission Customer provides an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under the Tariff in an amount calculated by the ISO;
- d. The Transmission Customer has arrangements in place for any other Transmission Service necessary to effect the delivery from the generating source to the ISO prior to the time when service under Part 3 of the Tariff commences;
- e. The Transmission Customer provides the information required by the ISO's planning process established in Attachment Y;
- f. The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part 3 of the Tariff, whether or not the Transmission Customer takes service;
- g. The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 3.3.3;
- h. The Transmission Customer has satisfied the communication requirements and the metering requirements established by the ISO; and
- i. If the Point-to-Point Transmission Service involves the use of LIPA's

transmission facilities, approval of such transactions has been granted pursuant to Section 2.5.7.

3.4.2 Transmission Customer Responsibility for Third-Party Arrangements:

Any scheduling arrangements that may be required by other Control Areas shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by the ISO, notification to the ISO identifying such systems and authorizing them to schedule Energy to be transmitted by the ISO pursuant to Section 3 of this Tariff on behalf of the Transmission Customer at the Point of Delivery or the Point of Receipt. The ISO will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other Control Area consistent with Good Utility Practice.

3.5 Procedures for Arranging Firm Point-To-Point Transmission Service

3.5.1 Application:

A request for Firm Point-To-Point Transmission Service must contain a written Application at least sixty (60) days in advance of the calendar month in which service is to commence. The ISO will consider a request for such firm service on shorter notice when feasible.

A Transmission Customer may fix the price of Congestion Costs associated with its service by acquiring sufficient TCCs with the same Point(s) of Receipt and Point(s) of Delivery as its Transmission Service.

3.5.2 Completed Application:

A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under this Tariff;
- (iii) The Service Commencement Date and the term of the requested Transmission Service; and
- (iv) Any additional information required by the ISO pursuant to its planning process established in Attachment Y or otherwise.

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.

3.5.3 Deposit:

No deposit is required for service under this Tariff.

3.5.4 Notice of Deficient Application:

If an Application fails to meet the requirements of this Tariff, the ISO shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. The ISO will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the ISO shall return the Application.

3.5.5 Response to a Completed Application:

The Transmission Customer may request a Transmission Service Study pursuant to Section 3.7 of this ISO OATT at the point in time when its Application is complete.

3.5.6 Execution of Service Agreement or Interconnection Agreement:

If a Transmission Service Study is not requested and the service can be provided, the ISO shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application and will tender to the Eligible Customer a Service Agreement pursuant to Section 3.1.4 of the NYISO OATT. Failure of an Eligible Customer to execute and return the Service Agreement or request the filing of an unexecuted Service Agreement pursuant to Section 15.3, within fifteen (15) days after it is tendered by the ISO will be deemed a withdrawal and termination of the request for a Service Agreement. Nothing herein limits the right of an Eligible Customer to file another Service Agreement after such withdrawal and termination. Where a Transmission Service Study is requested, if the Eligible Customer elects to proceed with the transmission upgrades identified in the Transmission Service Study,

Attachment P of the ISO OATT will govern execution of a Service Agreement in the form of a Transmission Interconnection Agreement, upon completion of the Transmission Interconnection Process described in Attachment P of the ISO OATT. The deadlines for execution and filing of an unexecuted Interconnection Agreement are set forth in Section 22.11.2 of Attachment P of the ISO OATT.

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.

3.7 Additional Study Procedures For Firm Point-To-Point Transmission Service Requests

Provisions for initiating a transmission system expansion by an Eligible Customer are contained in Section 3.7.1 through 3.7.3 and Attachment P of the ISO OATT. Provisions for an Eligible Customer that is a Transmission Owner to initiate upgrades and expansions identified in a Local Transmission Owner Plan or NYPA transmission plan, are contained in Sections 3.7.1 through 3.14.2. To the extent a Transmission Owner proposes any other new transmission facility or upgrade (*i.e.*, not an upgrade or expansion identified in a Local Transmission Owner Plan or NYPA transmission plan), regardless of whether the Transmission Owner seeks cost allocation under the ISO OATT or proposes a market-based project, the Transmission Owner must submit a Transmission Interconnection Application and proceed under the procedures set forth in Attachment P of the ISO OATT or, if requesting CRIS, submit an Interconnection Request and proceed under the procedures set forth in Attachment X of the ISO OATT. Additional ISO responsibilities for transmission system expansion are contained in Section 3.8. Study procedures associated with new Load and Large Facility interconnections to the NYS Power System are contained in Section 3.9. Section 3.10 addresses prioritization of network and point-to-point transmission expansion and interconnection studies. Nothing in this Tariff shall preclude the Transmission Owner from proposing and constructing transmission facilities in the public interest in accordance with all applicable regulatory requirements.

3.7.1 Notice of Request for Study:

Firm Transmission Service is available to an Eligible Customer, including a Transmission Owner, willing to pay Congestion Rent as described in this Tariff. A request for Firm Point-To-Point Transmission Service does not require a System Impact Study or Transmission Service Study (each referenced herein as the “Study”) unless (1) the Eligible Customer

specifically requests, at the Eligible Customer's option, that the ISO conduct such a study of facilities that could be constructed (for example, if the Eligible Customer requesting Firm Transmission Service determines that Congestion Rent or the cost of TCCs is too high and the customer is considering constructing new facilities to create incremental transfer capability resulting in incremental TCCs, or, if an Eligible Customer seeks to identify possible transmission options to address reliability or other operational concerns) (a "Transmission Service Study Request"); or (2) the Eligible Customer is a Transmission Owner that proposes upgrades and expansions, identified in a Local Transmission Owner Plan or NYPA transmission plan, that (a) are not subject to Attachment P of the ISO OATT and (b) either (i) reduce the transfer capability of a NYISO interface by greater than 10 MW or increase the transfer capability of a NYISO interface by greater than 25 MW; or (ii) change the classification of affected facilities to NPCC BPS facilities (a "System Impact Study Request"). When an Eligible Customer submits a Study Request pursuant to Section 3.7.1, it must give the ISO written notice of whether it intends to conduct all or part of the Study itself. After receiving a complete Study Request, the ISO shall, within thirty (30) days of the date that the Operating Committee approves the scope of the Study, or such other time as is agreed upon by the ISO and the Eligible Customer, tender a Study agreement pursuant to which the Eligible Customer shall agree to reimburse the ISO, for performing the required Study. The ISO shall coordinate with all affected Transmission Owners in performing the Study. A description of the ISO's methodology for completing a Study requested pursuant to Section 3.7.1 is provided in Attachment D of the ISO OATT. Before a Study Request for a Transmission Service Study or System Impact Study is evaluated pursuant to Section 3.7, the Eligible Customer shall execute the Study agreement and return it to the ISO within fifteen (15) days. If the Eligible Customer elects not to execute the Study agreement, its

Study Request shall be deemed withdrawn.

3.7.2 Study Agreement and Cost Reimbursement:

The Study agreement for a Transmission Service Request or System Impact Study performed under Section 3.7 will clearly specify the ISO's estimate of the actual cost, and time for completion of the Study. The charge shall not exceed the actual cost of the study. In performing the Study, the ISO shall rely, to the extent reasonably practicable, on existing transmission planning studies including applicable studies submitted by the Eligible Customer. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's Study Request.

For System Impact Studies that a Transmission Owner or the ISO conducts on its own behalf, the Transmission Owner or ISO shall record the cost of the System Impact Studies pursuant to Section 2.8.

If a Transmission Owner, on behalf of the ISO, performs all or part of a Transmission Service Study or System Impact Study, the ISO shall reimburse the Transmission Owner for any costs that the Transmission Owner incurred.

3.7.3 Study Procedures:

The ISO shall coordinate with all affected Transmission Owners in performing the Transmission Service Study or System Impact Study.

Upon receipt of an executed Study agreement, the ISO will complete the required Study as follows:

- 3.7.3.1 if the Study Request specified that the Eligible Customer would not

perform any part of the study then the ISO shall use due diligence to complete the study, and to obtain all necessary stakeholder approvals, within a one hundred and twenty (120) day period, or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives the executed Study Agreement, or an alternative starting date agreed to by the Eligible Customer and the ISO; or

3.7.3.2 if the Study Request specified that the Eligible Customer would perform all or part of the Transmission Service Study or System Impact Study itself, then:

3.7.3.2.1 the ISO shall use due diligence to complete those portion(s) of the study that the Eligible Customer is not performing, and to obtain all necessary stakeholder approvals of those portions, within a one hundred and twenty (120) day period, or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives the executed System Impact Study Agreement or Transmission Service Study Agreement, or an alternative starting date agreed to by the Eligible Customer and the ISO; and

3.7.3.2.2 the ISO shall use due diligence to review any portion(s) of a study performed by an Eligible Customer within a thirty (30) day period or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives a complete draft from the Eligible Customer of its portion(s) of the study, or an alternative starting date agreed to by the Eligible Customer and the ISO. If the ISO determines that the portion(s) of the study performed by the Eligible Customer are incomplete or that changes are required, the Eligible Customer shall make any necessary changes. The ISO shall then use due diligence

to review a revised complete draft of the Eligible Customer's portion(s) of the study within thirty days, or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives a revised complete draft, or an alternative starting date agreed to by the Eligible Customer and the ISO.

The ISO will normally submit System Impact Studies to the Operating Committee before finalizing them. If the Operating Committee directs the ISO to modify a Transmission Service Study or System Impact Study or to perform other study-related work before granting its approval, then the deadline for completing the study will be extended for an additional time agreed upon by the ISO and the Eligible Customer. If the ISO and the Eligible Customer are unable to agree on an additional time the deadline for completing the study will be extended for another sixty (60) days.

The Transmission Service Study or System Impact Study shall identify any additional Direct Assignment Facilities or Network Upgrades required to comply with a Eligible Customer's or Transmission Owner's request. In the event that the ISO is unable to complete the required Transmission Service Study or System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed Transmission Service Study or System Impact Study and related work papers shall be made available to the Eligible Customer. The ISO will use the same due diligence in completing the Transmission Service Study or System Impact Study for an Eligible Customer as it uses when completing studies

for itself or a Transmission Owner. The ISO shall notify the Eligible Customer immediately upon completion of the Transmission Service Study or System Impact Study if the Study Request can be completed at no additional cost (*e.g.*, if the ISO is currently studying requests to construct similar facilities).

After completion of a Transmission Service Study, if an Eligible Customer seeks to pursue construction of transmission upgrades, the Eligible Customer may do so by initiating the Transmission Interconnection Process pursuant to Attachment P of the ISO OATT. An Eligible Customer may also proceed directly to Attachment P of the ISO OATT without first submitting a Transmission Service Request or completing a Transmission Service Study under this Section 3.7.

3.7.4 Facilities Study Procedures:

After completion of a System Impact Study, the Transmission Owner(s) whose facilities may be modified in performing the upgrade or addition (the “affected” Transmission Owners), if such entity is other than the Eligible Customer, shall, within thirty (30) days of the later of: (i) the completion of the System Impact Study; (ii) the date on which the Eligible Customer provides the affected Transmission Owner(s) with written notice of whether it intends to perform all or part of the Facilities Study itself; or (iii) such other time as is agreed upon by the Transmission Owner(s) and the Eligible Customer, tender to the Eligible Customer a Facilities Study agreement. The ISO shall cooperate with the affected Transmission Owner(s) in performing any subsequent Facilities Studies. In the Facilities Study agreement, the Eligible Customer shall agree to reimburse the Transmission Owner(s) for performing the required Facilities Study and the ISO for its associated costs. If the Eligible Customer wants the

Transmission Owner(s) to undertake the Facilities Study, the Eligible Customer shall execute the Facilities Study agreement and return it to the Transmission Owner(s) within fifteen (15) days.

Upon receipt of an executed Facilities Study agreement, the affected Transmission Owner(s) will complete the required Facilities Study as follows:

- 3.7.4.1 if the Eligible Customer gave written notice that it would not perform any part of the study then the affected Transmission Owners(s) shall use due diligence to complete the study within a one hundred and twenty (120) day period, or a different period agreed to by the Eligible Customer and the affected Transmission Owner(s), starting on the date that the affected Transmission Owner(s) receive the executed Facilities Study Agreement, or an alternative starting date agreed to by the Eligible Customer and the affected Transmission Owner(s); or
- 3.7.4.2 if the Eligible Customer gave written notice that it would perform all or part of the Facilities Study itself, then:
 - 3.7.4.2.1 the affected Transmission Owner(s) shall use due diligence to complete those portion(s) of the study that the Eligible Customer is not performing within a one hundred and twenty (120) day period, or a different period agreed to by the Eligible Customer and the affected Transmission Owner(s), starting on the date that the affected Transmission Owner(s) receive the executed Facilities Study Agreement, or an alternative starting date agreed to by the Eligible Customer and the affected Transmission Owner(s); and
 - 3.7.4.2.2 the affected Transmission Owner(s) shall use due diligence to review any portion(s) of a study performed by an Eligible Customer within a thirty (30) day period or a different period agreed to by the Eligible Customer and the affected

Transmission Owner(s), starting on the date that the affected Transmission Owner(s) receive a complete draft from the Eligible Customer of its portion(s) of the study, or an alternative starting date agreed to by the Eligible Customer and the affected Transmission Owner(s). If the affected Transmission Owner(s) determine that the portion(s) of the study performed by the Eligible Customer are incomplete or that changes are required, the Eligible Customer shall make any necessary changes. The affected Transmission Owner(s) shall then use due diligence to review a revised complete draft of the Eligible Customer's portion(s) of the study within thirty days, or a different period agreed to by the Eligible Customer and the affected Transmission Owner(s), starting on the date that the affected Transmission Owner(s) receive a revised complete draft, or an alternative starting date agreed to by the Eligible Customer and the affected Transmission Owner(s).

If the Transmission Owner(s) are unable to complete the Facilities Study in the allotted time period, the Transmission Owner(s) shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Section 3 of this Tariff, and (iii) the time required to complete such construction. The Facilities Study shall contain a non-binding estimate as to the feasible TCCs resulting from the construction of the new facilities. If the Eligible Customer decides to proceed with the construction of the facilities

described in the Facilities Study, the Eligible Customer shall (1) enter into a construction contract with the Transmission Owner(s) whose system(s) will be directly modified, and with the entity that will construct the facilities under the supervision of the Transmission Owner(s) (if other than the Transmission Owner(s)), and guarantee to compensate the Transmission Owner(s) and constructing entity (if other than the Transmission Owner(s)) for all costs incurred associated with the construction, and (2) provide each Transmission Owner with a letter of credit or other reasonable form of security acceptable to the Transmission Owner equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The construction contract shall contain terms and obligations of the Transmission Customer to pay for the facilities modifications or additions pursuant to the contract.

3.7.5 Facilities Study Modifications:

Any change in design from what was studied in the Facilities Study performed pursuant to Section 3.7.4, arising from inability to site or construct facilities as proposed, will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of the ISO or Transmission Owner that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer pursuant to the provisions of Section 3 of this Tariff.

3.7.6 Due Diligence in Completing New Facilities:

The Transmission Owner(s), in coordination with the ISO, shall use due diligence to add necessary facilities or upgrade their transmission systems within a reasonable time. The Transmission Owner(s) will not upgrade their existing or planned system if doing so would

impair system reliability.

3.7.7 Partial Interim Service:

If the ISO, in cooperation with the Transmission Owner(s), determines that it can satisfy a portion of the Eligible Customers request based on the existing transmission system configuration, the ISO will provide that information to the Eligible Customer. The awarding of such TCCs will be subject to the results of the TCC auction process.

3.7.8 Expedited Procedures for New Facilities:

In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the process by requesting the ISO to coordinate with the Transmission Owner(s) to tender at one time, together with the results of required studies, an “Expedited Request” pursuant to which the Eligible Customer would agree to compensate the Transmission Owner(s) and ISO for all costs incurred pursuant to the terms of this Tariff. In order to exercise this option, the Eligible Customer shall request in writing an Expedited Request covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in order to address the Transmission Customer’s request. While the Transmission Owner(s) agree to provide the Eligible Customer with their best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding and the Eligible Customer must agree in writing to compensate the Transmission Owner(s) for all costs incurred pursuant to the provisions of this Tariff. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer’s request for service will cease to be a completed application and will be deemed terminated and withdrawn.

3.7.9 Penalties for Failure to Meet Study Deadlines:

Sections 3.7.3 and 3.7.4 require the ISO, or the affected Transmission Owner, to use due diligence to meet the completion deadlines for Transmission Service Studies, System Impact Studies, and Facilities Studies, respectively.

- (i) The ISO, or a Transmission Owner as appropriate, is required to file a notice with the Commission in the event that more than twenty (20) percent of Transmission Service Studies, System Impact Studies, and non-Affiliates' Facilities Studies that it completes in any two consecutive calendar quarters are not completed within the study completion deadlines. Such notice must be filed within thirty (30) days of the end of the calendar quarter triggering the notice requirement.
- (ii) For the purposes of calculating the percent of Transmission Service Studies, System Impact Studies, and non-Affiliates' Facilities Studies processed outside of the study completion deadlines, the ISO and the Transmission Owner(s) shall consider the total number of Transmission Service Studies, System Impact Studies, and Facilities Studies for *non-Affiliates* that they collectively completed during the calendar quarter. The percentage should be calculated by dividing the number of those studies which are not completed on time by the total number of completed studies. The ISO or Transmission Owner may provide an explanation in its notification filing to the Commission if it believes there are extenuating circumstances that prevented it from meeting the study completion deadlines.
- (iii) The ISO or Transmission Provider is subject to an operational penalty if it completes ten (10) percent or more of Transmission Service Studies, System Impact Studies, and non-Affiliates' Facilities Studies outside of the study completion deadlines for each of the two calendar quarters immediately following

the quarter that triggered its notification filing to the Commission. The operational penalty will be assessed for each calendar quarter for which an operational penalty applies, starting with the calendar quarter immediately following the quarter that triggered the ISO's or Transmission Owner's notification filing to the Commission. The operational penalty will continue to be assessed each quarter until the ISO or Transmission Owner, as applicable, completes at least ninety (90) percent of all Transmission Service Studies, System Impact Studies, and non-Affiliates' Facilities Studies within the deadline.

- (iv) For penalties assessed in accordance with subsection (iii) above, the penalty amount for each Transmission Service Study, System Impact Study, or Facilities Study shall be equal to \$500 for each day that the ISO or Transmission Owner takes to complete that study beyond the deadline.

3.7.10 Clustering of Point-to-Point Studies

The Eligible Customer may request that the ISO or affected Transmission Owner(s), as applicable, cluster the Transmission Service Studies, System Impact Studies, and/or Facilities Studies. The Eligible Customer shall notify the ISO or affected Transmission Owner(s), as applicable, prior to signing a study agreement if the Eligible Customer requests its Transmission Service Study, System Impact Study, or Facilities Study to be clustered with another Eligible Customer's Transmission Service Study, System Impact Study, or Facilities Study. In this notification, the Eligible Customer shall identify the other Eligible Customer request(s) with which it would like to be clustered, and shall indicate whether the other Eligible Customer(s) with which it requests clustering support(s) the clustering request. The ISO or affected Transmission Owner(s) may, in their discretion, notify Eligible Customers who have requested

studies about potential clustering opportunities. The ISO or affected Transmission Owner(s), as applicable, will accommodate any reasonable clustering request; however, the ISO or affected Transmission Owner(s) will not consider a clustering request to be reasonable if:

- (i) The cluster is not supported by all Eligible Customers proposed to be in the cluster; or
- (ii) The ISO or affected Transmission Owner(s) determine that the requests should be studied individually rather than in a cluster (*e.g.*, studies are geographically diverse or otherwise impact the transmission system in diverse ways such that clustering is not reasonable).

All Eligible Customers involved in a cluster study will be required to execute the Transmission Service Study Agreement, System Impact Study Agreement, and/or Facilities Study Agreement which provides that the Transmission Service Study, System Impact Study, or Facilities Study will be performed as a cluster study. The study will be performed in accordance with the procedures set forth in section 3.7.3, 3.7.4, 4.5.3 and 4.5.4 with the exception that the timeline for performing the Transmission Service Study, System Impact Study, or Facilities Study will begin to run after all Eligible Customers who have notified the ISO or Transmission Owner of their intent to participate in a cluster study have executed a Transmission Service Study Agreement, System Impact Study Agreement, or Facilities Study Agreement, or on a later date authorized under those provisions.

Once Eligible Customers agree to have the ISO or a Transmission Owner cluster their Transmission Service Studies, System Impact Studies, or Facilities Studies, the Eligible Customers may not opt out of the cluster unless the ISO or affected Transmission Owner(s), respectively, agree(s), in its or their sole discretion, to allow it.

Eligible Customers that have agreed to cluster their Transmission Service Study, System Impact Study, or Facilities Study shall be responsible for reimbursing the ISO or affected Transmission Owner for performing the clustered Transmission Service Study, System Impact Study, or Facilities Study in equal shares, unless the Eligible Customers in the cluster independently agree to an alternate cost-sharing structure, in which case the Eligible Customers shall provide the ISO or affected Transmission Owner(s) with a copy of that alternate agreement, as executed. If the ISO or an affected Transmission Owner allows a participating Eligible Customer to opt out of a cluster, the Eligible Customer shall remain liable for its share of the ISO or affected Transmission Owner(s)' costs in performing the cluster study.

3.8 Development of Transmission Reinforcement Options

- 3.8.1** At the request of the NYPSC, the ISO shall, within its available resources and modeling capabilities, evaluate options, and develop associated cost estimates to address potential Reliability Needs, congestion, or transmission needs driven by Public Policy Requirements identified by the NYPSC. Such evaluation shall be made available to all customers or potential customers for the purpose of evaluating the economic costs and benefits of new facilities. Eligible Customers, including Transmission Owners, may then request a System Impact Study for a specific expansion project in accordance with Section 3.7.1 through 3.7.3. Development of the transmission reinforcement options will not reflect the impacts of alternatives that may be proposed by other Eligible Customers, including generation projects, which could increase or decrease transmission interface transfer capability or Congestion Rents or both. Cost estimates provided will be based on readily available data and shall in no way be binding on the ISO. The ISO will not charge the PSC for this service.
- 3.8.2** Subject to the Eligible Customer's obligation to compensate the ISO, at the request of an Eligible Customer, the ISO will develop illustrative transmission reinforcement options as described in Section 3.8.1 above. The Eligible Customer shall comply with the provisions of Sections 3.7.1 through 3.7.3 that require the customer to enter into a System Impact Study agreement and agree to compensate the ISO for all costs incurred to conduct the study.
- 3.8.3** Requests to proceed with a system expansion shall be subject to the provisions of Sections 3.7.4 through 3.7.8, and Sections 3.13 through 3.15.

3.9 Study Procedures For New Load or Large Facility Interconnections To The NYS Power System

3.9.1 Request for Interconnection Study:

Any Eligible Customer proposing to interconnect its Load or Large Facility with the NYS Power System shall submit its interconnection proposal to the ISO. The ISO, in cooperation with the Transmission Owner with whose system the Eligible Customer proposes to interconnect, shall perform technical studies to determine whether the proposed interconnection may degrade system reliability or adversely affect the operation of the NYS Power System. The technical studies shall be conducted in accordance with the procedures specified in Section 3.9.2. The proposed interconnection shall not proceed if the ISO concludes in the study that the proposed interconnection may degrade system reliability or adversely affect the operation of the NYS Power System. If the proposal is rejected, the ISO shall provide in writing the reasons why the proposal was rejected.

3.9.2 Study Procedures:

Upon receipt of the interconnection proposal and a written guarantee by the Eligible Customer to pay all costs incurred by the ISO and Transmission Owner(s) conducting the technical studies, the ISO, in cooperation with the Transmission Owner with whose system the Eligible Customer proposes to interconnect shall perform the technical studies of the proposed interconnection. The ISO shall evaluate each Large Facility using the Interconnection Studies specified in the Large Facility Interconnection Procedures in Attachment X. The technical studies shall address the following:

- 3.9.2.1 An evaluation of the potential significant impacts of the proposed interconnection on NYS Power System reliability, at a level of detail that reflects the magnitude

of the impacts and the reasonable likelihood of their occurrence;

- 3.9.2.2 An evaluation of impacts of the proposed interconnection on system voltage, stability and thermal limitations, as prescribed in the Reliability Rules;
- 3.9.2.3 An evaluation as to whether modifications to the NYS Power System would be required to maintain Interface transfer capability or comply with the voltage, stability and thermal limitations, as prescribed in the Reliability Rules. The ISO will apply the criteria established by NERC, NPCC and the NYSRC;
- 3.9.2.4 An evaluation of alternatives that would eliminate adverse reliability impacts, if any, resulting from the proposed interconnection; and
- 3.9.2.5 An estimate of the increase or decrease in the Total Transfer Capability across each affected Interface.

3.9.3 Operating Committee Approval

Upon the ISO's issuance of a final draft study report, the Eligible Customer must proceed with its study report to the Transmission Planning Advisory Subcommittee ("TPAS") of the ISO Operating Committee within three (3) months and to the next Operating Committee meeting following the TPAS review; provided, however, if the TPAS recommends revisions or supplements to the study report, the revised report must proceed to the next TPAS meeting following completion of such revisions, and to the next Operating Committee following the TPAS review of the revised study report. Failure to proceed with its study report to the TPAS and Operating Committee within these time frames will result in withdrawal of the Study Request.

3.9.4 Interconnection Agreements:

After receiving the approval of the proposed interconnection, and after the Eligible

Customer makes payment to the ISO and Transmission Owner for the cost of the technical studies, the Eligible Customer may elect to continue with the proposed interconnection by entering into an interconnection agreement with the Transmission Owner with whose system the Eligible Customer proposes to interconnect. After completion of the Interconnection Facilities Study and Attachment S cost allocation process, the Developer of a Large Generating Facility may elect, in accordance with the Large Facility Interconnection Procedures in Attachment X, to continue with its proposed interconnection by entering into a Standard Large Generator Interconnection Agreement with the ISO and the Transmission Owner with whose system the Developer proposes to interconnect.

3.9.5 Interconnection Facilities Cost:

The Developer of the proposed Large Facility shall be responsible for the cost of the facilities needed for its project to reliably interconnect to the New York State Power System, in accordance with the interconnection facilities cost allocation rules set out in Attachment S.

3.10 Prioritizing Transmission and Interconnection Studies

For the purposes of determining the priority for: (i) Interconnection proposals submitted by an Eligible Customer, in writing, and currently pending with one or more Transmission Owner(s) prior to the effective date of this Tariff; (ii) transmission studies requested pursuant to the provisions of a Transmission Owner's Open Access Tariff prior to the date of ISO OATT implementation or transmission studies requested pursuant to Sections 3.7.4, 3.7.8 and 4.5.4 of this Tariff; (iii) transmission studies requested by Eligible Customers pursuant to Sections 3.8.2 and 4.5.7.2 of the ISO OATT; (iv) transmission proposals submitted pursuant to Attachment P of the ISO OATT; (v) proposals submitted pursuant to Section 3.6.2 of the ISO Agreement; and (vi) interconnection proposals submitted pursuant to 3.9 and 4.5.8 of the ISO OATT; the ISO shall give priority to each transmission study, transmission proposal or Interconnection proposal on the basis of its date of submittal to the ISO or Transmission Owner. Before the effective date of this Tariff, the date of submittal of each transmission study or Interconnection proposal shall be determined by the application procedures of each Transmission Owner. New transmission studies, transmission proposals or Interconnection proposals submitted after the effective date of this Tariff shall be subject to the same prioritization procedures, unless such procedures are modified by the ISO. In the event of different submission dates before one or more Transmission Owners or the ISO, the earliest submittal date shall be used for prioritization. After an effective date to be determined by the Commission, Large Facility Interconnection Requests shall be subject to the prioritization process included in the Large Facility Interconnection Procedures in Attachment X. The ISO may determine the priority of transmission studies under Section 3.6.3 of the ISO Agreement and studies requested by the PSC under Section 3.8.1 of this Tariff according to procedures to be developed by the ISO.

Notwithstanding this provision and Section 3.8.1, the ISO shall give priority within its available resources to any requests by the NYPSC to evaluate transmission reinforcement options, and non-transmission options, as part of the Public Policy Requirements planning process contained in Attachment Y of the ISO OATT.

3.11 Small Generator Interconnections

The interconnection procedures, and standard interconnection agreement, to be used for the interconnection of generating facilities no larger than 20 MWs, are set forth in Attachment Z to this ISO OATT.

3.12 The Comprehensive System Planning Process

The ISO shall conduct the Comprehensive System Planning Process in accordance with Attachment Y to this Tariff and ISO Procedures. To the extent practicable, the ISO shall coordinate the performance of the studies required under Attachment Y with any transmission and interconnection studies that may be requested under sections 3.7, 3.8, 3.9, 4.5, 4.5.7, and 4.5.8 of this Tariff.

3.13 Procedures if The Transmission Owner is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service

3.13.1 Delays in Construction of New Facilities:

If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, the Transmission Owner(s) constructing the facilities shall promptly notify the Transmission Customer. In such circumstances, the Transmission Owner(s) shall within thirty (30) days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer to evaluate the alternatives available to the Transmission Customer. The Transmission Owner also shall make available to the Transmission Customer studies and work papers related to the delay, including all information that is in the possession of the Transmission Owner(s) that is reasonably needed by the Transmission Customer to evaluate any alternatives.

3.13.2 Alternatives to the Original Facility Additions:

When the review process of Section 3.13.1 determines that one or more alternatives exist to the originally planned construction project, the Transmission Owner shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires that one of the alternative facilities be constructed, it may request the Transmission Owner(s) to submit a revised construction contract between the Transmission Customer and the Transmission Owner(s) constructing the alternative facilities. In the event the Transmission Owner concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the Dispute Resolution Process under Section 2.16 or it may refer the dispute to the Commission for resolution.

3.13.3 Refund Obligation for Unfinished Facility Additions:

If the Transmission Owner and the Transmission Customer mutually agree that no other reasonable alternatives exist, the obligation to provide the requested construction of additional facilities shall terminate. However, the Transmission Customer shall be responsible for all prudently incurred costs by the Transmission Owner(s) through the time construction was suspended.

3.14 Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities

3.14.1 Responsibility for Third-Party System Additions:

The ISO and Transmission Owner(s) shall not be responsible for making arrangements for any necessary engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The ISO will undertake reasonable efforts to assist the Transmission Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

3.14.2 Coordination of Third-Party System Additions:

The Transmission Owner(s) shall have the right to coordinate construction on its own system with the construction required by others. The Transmission Owner(s), after consultation with the Transmission Customer and representatives of such other systems, may defer construction of its new transmission facilities, if the new transmission facilities on another system cannot be completed in a timely manner. The Transmission Owner(s) shall notify the Transmission Customer in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of new facilities. Within sixty (60) days of receiving written notification by the Transmission Owner of its intent to defer construction pursuant to this section, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures pursuant to Section 2.16 or it may refer the dispute to the Commission for resolution.

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.

3.16 Metering and Power Factor Correction at Receipt and Delivery Point(s)

3.16.1 Transmission Customer Obligations:

Unless otherwise agreed, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the Capacity and Energy being transmitted under Part 3 of this Tariff and to communicate the information to the Transmission Owner and the ISO. Such equipment shall remain the property of the Transmission Customer.

3.16.2 Access to Metering Data:

The ISO and Transmission Owner shall have access to metering data, which may reasonably be required to maintain reliability and to facilitate measurements and billing under the Service Agreement.

3.16.3 Power Factor:

Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as the Transmission Owner pursuant to Good Utility Practices. The power factor requirements are specified in the Service Agreement where applicable.

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.

3.18 Stranded Cost Recovery

The Transmission Owners other than NYPA may seek to recover stranded costs from the Point-to-Point Transmission Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC 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 the Long Island Power Authority'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 SIRC rate schedule under this Tariff, subject to refund as may be required by the Commission. The ISO shall collect such SIRC from Network 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.

3.19 Compensation for New Facilities and Redispatch Costs

Whenever a System Impact Study performed by the ISO in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities, the Transmission Customer shall be responsible for such costs to the extent consistent with Commission policy.

4 Network Integration Transmission Service

Preamble

The ISO will provide Network Integration Transmission Service pursuant to the applicable terms and conditions contained in this Tariff and Service Agreement over the transmission facilities of the parties to the ISO/TO Agreement or an Operating Agreement. Network Integration Transmission Service will be provided when the Network Customer agrees to pay the Congestion Rent associated with its requested service. The Network Customer may fix the price of its Network Integration Transmission Service by purchasing TCCs corresponding with designated Network Resources and its Network Load. Network Integration Transmission Service allows the Network Customer to integrate, economically dispatch and regulate its current and planned Network Resources to serve its Network Load in a manner comparable to that in which the individual Transmission Owner utilizes their respective transmission systems to serve their Native Load Customers. Network Integration Transmission Service also may be used by the Network Customer to deliver economy Energy purchases to its Network Load from non-designated resources on an as-available basis (i.e. when there is no Congestion) without additional charge. Transmission Service for sales to non-designated Loads will be provided pursuant to the applicable terms and conditions of Part 3 of this Tariff.

4.1 Nature of Network Integration Transmission Service

4.1.1 Scope of Service:

Network Integration Transmission Service is a Transmission Service that allows Network Customers to efficiently and economically utilize Network Resources (as well as other non-designated generation resources) to serve their Network Load located in the NYCA and any additional Load that may be designated pursuant to Section 4.4.3 of this Tariff. The Network Customer taking Network Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section 2.3.

4.1.2 Transmission Owner Responsibilities:

Each Transmission Owner will plan, construct, operate and maintain their respective transmission systems in accordance with Good Utility Practice and its planning obligations in Attachment Y, in order to provide the Network Customer with Network Integration Transmission Service over the NYS Transmission System. The Transmission Owner, on behalf of its Native Load Customers, shall be required to designate resources and Loads in the same manner as any Network Customer under Part 4 of this Tariff. This information must be consistent with the information used by the ISO to calculate ATC. The Transmission Owners and the ISO shall include the Network Customer's Network Load in transmission system planning and shall, consistent with Good Utility Practice and Attachment Y, endeavor to construct and place into service sufficient transmission capacity to deliver the Network Customer's Network Resources to serve its Network Load on a basis comparable to the Transmission Owner's delivery of its own generating and purchased resources to its Native Load Customers.

4.1.3 Network Integration Transmission Service:

The ISO will provide Firm Transmission Service over the NYS Transmission System to the Network Customer for the delivery of Energy from its designated Network Resources to serve its Network Loads on a basis that is comparable to the Transmission Owner's use of the NYS Transmission System to reliably serve its Native Load Customers.

4.1.4 Secondary Service:

The Network Customer may use the NYS Transmission System to deliver Energy to its Network Loads from resources that have not been designated as Network Resources. Such Energy shall be transmitted, on an as-available basis (i.e., when there is no Congestion between the non-Network Resource and the Network Load), at no additional charge. Secondary service shall not require the filing of an Application for Network Integration Transmission Service under the Tariff.

4.1.5 Real Power Losses:

Real Power Losses are associated with all Transmission Service. The Network Customer is responsible for losses associated with all Transmission Service in accordance with Schedule 9 and as calculated in Attachment J.

4.1.6 Restrictions on Use of Service:

The Network Customer shall not use Network Integration Transmission Service for (i) sales of Capacity and Energy to non-designated Loads or (ii) direct or indirect provisions of this Transmission Service by the Network Customer to third parties. All Network Customers taking Network Integration Transmission Service shall use Point-To-Point Transmission Service under Part 3 of this Tariff for any Third-Party Sale which requires use of the NYS Transmission

System. The ISO shall specify any appropriate charges and penalties and all related terms and conditions applicable in the event that a Network Customer uses Network Integration Transmission Service or secondary service pursuant to Section 4.2.4 to facilitate a wholesale sale that does not serve a Network Load.

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 of 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.

4.4 Designation of Network Load

4.4.1 Network Load:

The Network Customer must designate the individual Network Loads on whose behalf the ISO will provide Network Integration Transmission Service. The Network Loads shall be specified in the Service Agreement.

4.4.2 New Network Loads Connected With the Transmission Owners:

The Network Customer shall provide the ISO and the Transmission Owners with as much advance notice as reasonably practicable of the designation of new Network Load that will be added to the NYS Transmission System. A designation of new Network Load must be made through a modification of service pursuant to a new Application. The ISO and the Transmission Owners will use due diligence to install any transmission facilities required to interconnect a new Network Load designated by the Network Customer. The costs of new facilities required to interconnect a new Network Load shall be determined in accordance with the procedures provided in Section 4.5 and shall be charged to the Network Customer in accordance with Commission policies.

4.4.3 Network Load Not Physically Interconnected with the NYS Transmission System:

This Section applies to both initial designation pursuant to Section 4.4 and the subsequent addition of new Network Load not physically interconnected with the NYS Transmission System. To the extent that the Network Customer desires to obtain Transmission Service for a load outside the NYS Transmission System, the Network Customer shall exclude that entire Load from its Network Load and purchase Point-To-Point Transmission Service under Part 3 of this Tariff. To the extent that the Network Customer gives notice of its intent to add a new

Network Load as part of its Network Load pursuant to this Section the request must be made through a modification of service pursuant to a new Application.

4.4.4 New Interconnection Points:

To the extent the Network Customer desires to add a new Delivery Point or Interconnection point between the NYS Transmission System and a Network Load, the Network Customer shall provide the ISO with as much advance notice as reasonably practicable.

4.4.5 Changes in Service Requests:

Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Network Integration Transmission Service (e.g., the addition of a new Network Resource or designation of a new Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by a Transmission Owner and charged to the Network Customer as reflected in the Service Agreement. However, the ISO must treat any requested change in Network Integration Transmission Service in a non-discriminatory manner.

4.4.6 Annual Load and Resource Information Updates:

The Network Customer shall provide the ISO with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under Part 4 of this Tariff including, but not limited to, any information provided under section 4.2.2(ix) pursuant to the ISO's planning process under Attachment Y. The Network Customer also shall provide the ISO with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its

facilities or operations affecting the ISO's ability to provide reliable service.

4.5 Additional Study Procedures For Network Integration Transmission Service Requests

The FERC Order No. 888 provisions for initiating a Network Integration Transmission System expansion by an Eligible Customer are contained in this Section. Additional ISO responsibilities for Eligible Customer requests related to Network Integration Transmission System expansion are contained in Section 4.5.7. Study procedures associated with new Load and Large Facility Interconnections to the NYS Power System are contained in Section 4.5.8. Section 3.10 addresses prioritization of network and point-to-point transmission expansion and interconnection studies. Nothing in this Tariff shall preclude the Transmission Owners from proposing or constructing transmission facilities in the public interest in accordance with all applicable regulatory requirements.

4.5.1 Notice of Request for Network Integration Transmission Service Study:

Network Integration Transmission Service is available to an Eligible Customer, including a Transmission Owner, willing to pay Congestion Rent as described in this Tariff. A request for Network Integration Transmission Service would not normally require a Network Integration Transmission Service Study unless the Eligible Customer specifically requests that the ISO conduct such a study of facilities that could be constructed (for example, if the Eligible Customer requesting Network Integration Transmission Service determines that Congestion Rent or the cost of TCCs is too high and that customer is considering constructing new facilities to create incremental transfer capability resulting in incremental TCCs, or, if an Eligible Customer requests that transmission facilities be constructed to address reliability or other operational concerns) (a “Study Request”). When an Eligible Customer submits a Network Integration Transmission Service Study Request it must give the ISO written notice of whether it intends to

conduct all or part of the Network Integration Transmission Service Study itself. After receiving a complete Network Integration Transmission Service Study Request, the ISO shall, within thirty (30) days of the date that the Operating Committee approves the scope of the Network Integration Transmission Service Study, or such other time as is agreed upon by the ISO and the Eligible Customer, tender a Network Integration Transmission Service Study agreement pursuant to which the Eligible Customer shall agree to reimburse the ISO for performing the required System Impact Study. The ISO shall coordinate with the affected Transmission Owners in performing the Network Integration Transmission Service Study. A description of the ISO's methodology for completing a Network Integration Transmission Service Study is provided in Attachment D. Before a Network Integration Transmission Service Study Request is evaluated, the Eligible Customer shall execute the Network Integration Transmission Service Study agreement and return it to the ISO within fifteen (15) days. If the Eligible Customer elects not to execute the Network Integration Transmission Service Study agreement, its Study Request shall be deemed withdrawn.

4.5.2 Network Integration Transmission Service Study Agreement and Cost Reimbursement:

The Network Integration Transmission Service Study agreement will clearly specify the ISO's estimate of the actual cost, and time for completion of the Network Integration Transmission Service Study.

The charge shall not exceed the actual cost of the study. In performing the Network Integration Transmission Service Study, the ISO shall rely, to the extent reasonably practicable, on existing transmission planning studies including applicable studies submitted by the Eligible Customer. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any

modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's Network Integration Transmission Service Study Request.

For Network Integration Transmission Service Studies that a Transmission Owner or the ISO conducts on its own behalf, the Transmission Owner or ISO shall record the cost of the Network Integration Transmission Service Studies pursuant to Section 8.

If a Transmission Owner, on behalf of the ISO, performs all or part of a Network Integration Transmission Service Study, the ISO shall reimburse the Transmission Owner for any costs that the Transmission Owner incurred.

4.5.3 Network Integration Transmission Service Study Procedures:

The ISO shall coordinate with all affected Transmission Owners in performing the Network Integration Transmission Service Study.

Upon receipt of an executed Network Integration Transmission Service Study agreement, the ISO will complete the required Network Integration Transmission Service Study as follows:

- 4.5.3.1 if the Network Integration Transmission Service Study Request specified that the Eligible Customer would not perform any part of the study then the ISO shall use due diligence to complete the study, and to obtain all necessary stakeholder approvals, within a one hundred and twenty (120) day period, or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives the executed Network Integration Transmission Service Study Agreement, or an alternative starting date agreed to by the Eligible Customer and the ISO; or
- 4.5.3.2 if the Network Integration Transmission Service Study Request specified that the Eligible Customer would perform all or part of the Network Integration

Transmission Service Study itself, then:

4.5.3.2.1 the ISO shall use due diligence to complete those portion(s) of the study that the Eligible Customer is not performing, and to obtain all necessary stakeholder approvals of those portions, within a one hundred and twenty (120) day period, or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives the executed Network Integration Transmission Service Study Agreement, or an alternative starting date agreed to by the Eligible Customer and the ISO; and

4.5.3.2.2 the ISO shall use due diligence to review any portion(s) of a study performed by an Eligible Customer within a thirty (30) day period or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives a complete draft from the Eligible Customer of its portion(s) of the study, or an alternative starting date agreed to by the Eligible Customer and the ISO. If the ISO determines that the portion(s) of the study performed by the Eligible Customer are incomplete or that changes are required, the Eligible Customer shall make any necessary changes. The ISO shall then use due diligence to review a revised complete draft of the Eligible Customer's portion(s) of the study within thirty days, or a different period agreed to by the Eligible Customer and the ISO, starting on the date that the ISO receives a revised complete draft, or an alternative starting date agreed to by the Eligible Customer and the ISO.

Upon the ISO's issuance of a final draft study report, the Eligible Customer must proceed with its study report to the Transmission Planning

Advisory Subcommittee (“TPAS”) of the ISO Operating Committee within three (3) months and to the next Operating Committee meeting following the TPAS review; provided, however, if the TPAS recommends revisions or supplements to the study report, the revised report must proceed to the next TPAS meeting following completion of such revisions, and to the next Operating Committee following the TPAS review of the revised study report. Failure to proceed with its study report to the TPAS and Operating Committee within these time frames will result in withdrawal of the Study Request.

If the Operating Committee directs the ISO to modify a Network Integration Transmission Service Study or to perform other study-related work before granting its approval, then the deadline for completing the study will be extended for an additional time agreed upon by the ISO and the Eligible Customer. If the ISO and the Eligible Customer are unable to agree on an additional time the deadline for completing the study will be extended for another sixty (60) days.

The Network Integration Transmission Service Study shall identify any additional Direct Assignment Facilities or Network Upgrades required to comply with an Eligible Customer’s or Transmission Owner’s request. In the event that the ISO is unable to complete the required Network Integration Transmission Service Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed Network Integration Transmission Service Study and related work

papers shall be made available to the Eligible Customer as soon as the Network Integration Transmission Service Study is complete. The ISO will use the same due diligence in completing the Network Integration Transmission Service Study for an Eligible Customer as it uses when completing studies for itself or a Transmission Owner. The ISO shall notify the Eligible Customer immediately upon completion of the Network Integration Transmission Service Study if the Network Integration Transmission Service Study Request can be completed at no additional cost (e.g., if the ISO is currently studying requests to construct similar facilities).

4.5.4 Further Development of Transmission Upgrades Identified in a Network Integration Transmission Service Study

After completion of a Network Integration Transmission Service Study, if an Eligible Customer seeks to pursue construction of transmission upgrades, the Eligible Customer may do so by initiating the Transmission Interconnection Process pursuant to Attachment P of the ISO OATT. An Eligible Customer may also proceed directly to Attachment P of the ISO OATT without first submitting a Network Integration Transmission Service Request or completing a Network Integration Transmission Service Study under this Section 4.5.

4.5.5 Penalties for Failure to Meet Study Deadlines:

Section 3.7.9 defines penalties that apply for failure to meet the due diligence deadlines for Firm Transmission Service Studies under Section 3 of the Tariff. These same requirements and penalties apply to Network Integration Transmission Service studies under Section 4 of the Tariff.

4.5.6 Clustering of Network Integration Transmission Service Studies:

Section 3.7.10 specifies the procedures that shall govern the clustering of System Impact Studies conducted by the ISO and Facilities Studies conducted by affected Transmission Owners. These same procedures apply to Network Integration Transmission Service studies under Section 4 of the Tariff.

4.5.7 Development of Transmission Reinforcement Options

4.5.7.1 At the request of the PSC, the ISO shall develop a limited number of illustrative transmission reinforcement options, and associated cost estimates, to increase transfer capability limits on Interfaces identified by the PSC as having significant Congestion. Such reinforcement option results shall be made available to all Customers or potential Customers for the purpose of evaluating the economic costs and benefits of new facilities. Eligible Customers, including Transmission Owners, may then request a System Impact Study for a specific expansion project in accordance with Sections 4.5.1 through 4.5.3. Development of the transmission reinforcement options will not reflect the impacts of alternatives that may be proposed by other Eligible Customers, including generation projects, which could increase or decrease transmission Interface Transfer Capability or Congestion Rents or both. Cost estimates provided will be based on readily available data and shall in no way be binding on the ISO. The ISO will not charge the PSC for this service.

4.5.7.2 Subject to the Eligible Customer's obligation to compensate the ISO, at the request of an Eligible Customer, the ISO will develop illustrative transmission reinforcement options as described in Section 4.5.7.1 above. The Eligible

Customer shall comply with the provisions of Sections 4.5.1 through 4.5.3 that require the customer to enter into a Network Integration Transmission Service Study agreement and agree to compensate the ISO for all costs incurred to conduct the study.

4.5.7.3 Requests to proceed with a system expansion shall be subject to the provisions of Section 4.5 and Attachment P of the ISO OATT, as applicable.

4.5.8 Study Procedures for New Load or Large Facility Interconnections to the NYS Power System

4.5.8.1 Request for Interconnection Study:

Any Eligible Customer proposing to interconnect its Load or Large Facility with the NYS Power System shall submit its interconnection proposal to the ISO. The ISO, in cooperation with the Transmission Owner with whose system the Eligible Customer proposes to interconnect, shall perform technical studies to determine whether the proposed interconnection may degrade system reliability or adversely affect the operation of the NYS Power System. The technical studies shall be conducted in accordance with the procedures specified in Section 4.5.8.2. The proposed interconnection shall not proceed if the ISO concludes in the study that the proposed interconnection may degrade system reliability or adversely affect the operation of the NYS Power System. If the proposal is rejected, the ISO shall provide in writing the reasons why the proposal was rejected.

4.5.8.2 Study Procedures:

Upon receipt of the interconnection proposal and a written guarantee by the Eligible Customer to pay all costs incurred by the ISO and Transmission Owner(s) conducting the technical studies, the ISO, in cooperation with the Transmission Owner with whose system the

Eligible Customer proposes to interconnect, shall perform the technical studies of the proposed interconnection. The ISO shall evaluate each Large Facility using the Interconnection Studies specified in the Large Facility Interconnection Procedures in Attachment X. The technical studies shall address the following:

- (i) An evaluation of the potential significant impacts of the proposed interconnection on NYS Power System reliability, at a level of detail that reflects the magnitude of the impacts and the reasonable likelihood of their occurrence;
- (ii) An evaluation of impacts of the proposed interconnection on system voltage, stability and thermal limitations, as prescribed in the Reliability Rules;
- (iii) An evaluation as to whether modifications to the NYS Power System would be required to maintain Interface transfer capability or comply with the voltage, stability and thermal limitations, as prescribed in the Reliability Rules. The ISO will apply the criteria established by NERC, NPCC and the NYSRC;
- (iv) An evaluation of alternatives that would eliminate adverse reliability impacts, if any, resulting from the proposed interconnection; and
- (v) An estimate of the increase or decrease in the Total Transfer Capability across each affected Interface.

4.5.8.3 Interconnection Agreements:

After receiving the approval of the proposed interconnection, and after the Eligible Customer makes payment to the ISO and Transmission Owner for the cost of the technical studies, the Eligible Customer may elect to continue with the proposed interconnection by entering into an interconnection agreement with the Transmission Owner with whose system the Eligible Customer proposes to interconnect. After completion of the Interconnection Facilities

Study and Attachment S cost allocation process, the Developer of a Large Generating Facility may elect, in accordance with the Large Facility Interconnection Procedures in Attachment X, to continue with its proposed interconnection by entering into a Standard Large Generator Interconnection Agreement with the ISO and the Transmission Owner with whose system the Developer proposes to interconnect.

4.5.8.4 Interconnection Facilities Cost:

The Developer of the proposed Large Facility shall be responsible for the cost of the facilities needed for its project to reliably interconnect to the New York State Power System, in accordance with the interconnection facilities cost allocation rules set out in Attachment S.

4.5.9 Small Generator Interconnections:

The interconnection procedures, and standard interconnection agreement, to be used for the interconnection of generating facilities no larger than 20 MW, are set forth in Attachment Z to this ISO OATT.

4.6 Load Shedding and Curtailments

4.6.1 Procedures:

The ISO and the Transmission Owners shall maintain Load Shedding and Curtailment procedures pursuant to the Network Operating Agreement with the objective of responding to contingencies on the NYS Transmission System. The parties will implement such programs during any period when the ISO determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The ISO will notify all affected Network Customers in a timely manner of any scheduled Curtailment.

4.6.2 Transmission Constraints:

During any period when the ISO determines that a transmission Constraint exists on the NYS Transmission System, and such Constraint may impair the reliability of the NYS Transmission System, the ISO will dispatch generation resources on a least-cost basis in accordance with the provisions of Attachment J. When applicable, the ISO will follow the LEER Procedure, referenced in Section 3.1.6, which is incorporated by reference herein. If the ISO is required to Curtail Transmission Service as a result of a TLR event, the ISO will perform such Curtailment in accordance with the NERC TLR Procedure. Any redispatch under this Section may not unduly discriminate between the Transmission Owner's use of the NYS Transmission System on behalf of its Native Load Customers and any Network Customer's use of the NYS Transmission System to serve its designated Network Load.

4.6.3 Cost Responsibility for Relieving Transmission Constraints:

Whenever the ISO implements least-cost redispatch procedures in response to a transmission Constraint, all Transmission Customers and Network Customers will bear the costs

of such redispatch in accordance with Attachment J.

4.6.4 Curtailments of Scheduled Deliveries:

If a transmission Constraint on the NYS Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and the ISO determines that it is necessary to Curtail scheduled deliveries, the parties shall Curtail such schedules in accordance with the Network Operating Agreement.

4.6.5 Allocation of Curtailments:

The ISO shall, on a non-discriminatory basis, Curtail the Transaction(s) that effectively relieve the Constraint. However, to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by the Transmission Owners and Network Customers in proportion to their respective Load Ratio Shares. The ISO shall not direct Network Customers to Curtail schedules to an extent greater than the ISO would Curtail the Transmission Owners' schedules under similar circumstances.

4.6.6 Load Shedding:

To the extent that a system contingency exists on the NYS Transmission System and the ISO determines that it is necessary to shed load, the parties shall shed load in accordance with previously established procedures under the Network Operating Agreement.

4.6.7 System Reliability:

Notwithstanding any other provisions of this Tariff, the ISO reserves the right, consistent with Good Utility Practice and on a non-discriminatory basis, to Curtail Network Integration Transmission Service without liability on the ISO's and/or Transmission Owner's part for the purpose of the Transmission Owners making necessary adjustments to, changes in, or repairs on

their lines, substations and facilities, and in cases where the continuance of Network Integration Transmission Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on the NYS Transmission System or on any other system(s) directly or indirectly interconnected with the NYS Transmission System, the ISO, consistent with Good Utility Practice, also may Curtail Network Integration Transmission Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. The ISO will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network Integration Transmission Service will be not unduly discriminatory relative to the Transmission Owners' use of the NYS Transmission System on behalf of its Native Load Customers. The ISO shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

4.7 Rates and Charges

Rates for Network Transmission Integration Service are provided for in Schedule 9 of this ISO OATT. The billing of these charges will be performed pursuant to Article 2.7 of this ISO OATT.

4.7.1 Monthly Demand Charge:

4.7.2 Redispatch Charge:

The Network Customer shall pay redispatch costs in accordance with the provisions of Attachment J.

4.7.3 Stranded Cost Recovery:

The Transmission Owners other than NYPA may seek to recover stranded costs from the Network Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC 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 Long Island Power Authority'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 FERC 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 SIRC rate schedule under this ISO OATT, subject to refund as may

be required by the Commission. The ISO shall collect such SIRC from Network Service Customers and remit the collected amounts to the applicable Transmission Owner(s). Any SIRC rate schedule developed by LIPA under this ISO OATT will be effective upon receipt by the ISO, subject to any applicable laws and orders.

4.8 Operating Arrangements

4.8.1 Operation Under The Network Operating Agreement:

The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Network Operating Agreement.

4.8.2 Network Operating Agreement:

The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part 4 of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the parties to (i) operate and maintain equipment necessary for integrating the Network Customer within the NYS Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between the ISO, Transmission Owners and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the NYS Transmission System, interchange schedules, unit outputs for redispatch required under Section 4.6, voltage schedules, loss factors and other real time data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange data on forecasted Loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of Part 4 of this Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the Electric Reliability Organization (ERO) as defined in 18 C.F.R. § 39.1 and the Northeast Power Coordinating Council (NPCC), (ii) satisfy its Control Area requirements,

including all necessary Ancillary Services, by contracting with the ISO, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies the applicable reliability guidelines of the ERO and the NPCC requirements. The ISO shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services to the extent that such arrangements comply with the provisions for Self-Supply of Ancillary Services as described in Schedules 3 and 5. For Network Customers that are also taking service under the ISO Services Tariff, the Service Agreement under that Tariff will function as the Network Operating Agreement. All other Network Customers will negotiate a Network Operating Agreement with the ISO. A list of requirements for such Network Operating Agreement is included in Attachment G.

4.8.3 Network Operating Committee:

The ISO Operating Committee will serve as the Network Operating Committee and will coordinate operating criteria for the parties' respective responsibilities under the Network Operating Agreement. The Committee shall meet from time to time as need requires, but no less than once each calendar year.

5 Special Provisions for Retail Access

Preamble

All retail Transmission Service over the transmission facilities of the Parties to the ISO/TO Agreement shall be pursuant to this Section. This Section applies only to Eligible Customers taking service under retail access tariffs filed with the PSC and the Commission; or under otherwise lawfully established rates and terms of the following Transmission Owners (“Retail Access Tariffs”): Central Hudson, Consolidated Edison, LIPA, NYSEG, Niagara Mohawk, Orange and Rockland and RG&E. LSEs applying for service under this portion of this Tariff must certify to the ISO that they are participating as an LSE in one of the enumerated retail access programs.

The ISO will provide retail access services under this Tariff to Eligible Customers taking unbundled Transmission Service pursuant to a state requirement that a Transmission Owner offer the Transmission Service, or pursuant to a voluntary offer of such service by a Transmission Owner. Retail access customers are individual end-use customers eligible for retail access under the Transmission Owner’s retail access plans as filed with the PSC or, in the case of LIPA, established under State law, or pursuant to a voluntary offer of such service by a Transmission Owner. All retail access customers participating in the retail access programs of Central Hudson, Consolidated Edison, LIPA, NYSEG, Niagara Mohawk and Orange and Rockland are Eligible Customers under this Tariff. Retail access customers will take service under Part 5 of this Tariff. All Sections of this Tariff apply to LSEs serving such customers. Eligible Customers, such as electric utilities, are not required to offer retail access to their customers as a condition of service under this Tariff. All retail access customers serving as their own LSE must take Transmission Service under either Part 3 or 4 of this Tariff in addition to taking service under Part IV. The

common service provisions of Part 2 apply to retail access customers including LSEs.

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.

5.2 The Individual Retail Access Plans

Each Transmission Owner reserves the right to unilaterally modify its retail access tariff subject to any necessary regulatory filing. Each Transmission Owner also reserves the right to unilaterally modify its retail transmission charges subject to any filing required to be made with the Commission pursuant to Section 205 of the FPA or in the case of LIPA, approval by the Long Island Power Authority's Board of Trustees. The ISO shall implement any tariff changes necessary to implement the changes to the retail transmission charge. Ongoing proceedings before the PSC may impact rates, terms and conditions for retail access programs covered under this Section.

5.2.1 Central Hudson

Customers taking part in Central Hudson's retail access program shall take service under Parts I and IV of this Tariff and under Central Hudson's PSC and FERC approved retail access tariff, FERC Rate Schedule No. ER 98-3602 as amended from time to time. Pursuant to Central Hudson's retail access tariff and this Tariff all retail access customers will receive a bill from Central Hudson for the transmission component of their retail access service. Such customers shall pay this bill directly to Central Hudson.

5.2.2 Consolidated Edison

Retail access customers participating in the Consolidated Edison's retail access plan shall take retail access service under Parts 2 and 5 of this Tariff and under Consolidated Edison's PSC and FERC approved retail access tariff, Consolidated Edison's Rate Schedule FERC No. 1, Attachments K and L and Consolidated Edison Company of New York, Inc. PSC No. 2 - Retail Access, as amended from time to time. Pursuant to Consolidated Edison's retail access tariff and

this Tariff, retail access customers will receive a bill from Consolidated Edison for the transmission component of their retail access service. Such customers shall pay this bill to Consolidated Edison in accordance with the terms of Consolidated Edison's Rate Schedule FERC No. 1, Attachments K and L and Consolidated Edison Company of New York, Inc. PSC No. 2 - Retail Access, as amended from time to time.

5.2.3 LIPA

Retail access customers participating in the LIPA retail access plan shall receive retail Transmission Service pursuant to Parts 2 and 5 of this Tariff and the "Long Island Choice" portions of approved "Long Island Power Authority Tariff For Electric Service." Retail Transmission Service customers will be billed and shall pay for such service as part of their bundled retail delivery service rate pursuant to the Long Island Choice portion of the Long Island Power Authority Tariff for Electric Service.

5.2.4 NYSEG

Retail customers participating in NYSEG's retail access program, known as Customer Advantage, shall receive Transmission Service pursuant to Parts 2 and 5 of this Tariff and pursuant to the provisions to NYSEG's retail access tariffs PSC Nos. 90, 115 and 118, as amended or their successors, that relate to its Customer Advantage Program. LSEs are referred to as "Energy Service Companies" or "ESCOs" in NYSEG's retail access tariffs. ESCOs eligible to participate in NYSEG's Customer Advantage Program will act as agents for retail customers for the purpose of obtaining the necessary service under this Tariff when a retail customer contracts with the ESCO for Electric Power Supply pursuant to the Customer Advantage Program. Retail customers that are eligible to participate in NYSEG's Customer Advantage Program that meet the requirements of the ISO and NYSEG's retail access tariffs

(referred to as “Self Supply Customers” or “SSCs” under the retail access tariffs) shall also be required to obtain the necessary service under this Tariff but solely for their own use. Retail customers participating in NYSEG’s Program will be billed and shall pay for the Transmission Service Charge as part of their retail service rate pursuant to the retail access tariffs.

NYSEG is currently a party to proceedings before the PSC, which could impact the terms and conditions of its Customer Advantage Program. It is the Company’s intent to file changes to this Tariff as necessary and appropriate to reflect Orders issued by the PSC relating to the program.

5.2.5 Niagara Mohawk

Retail access is provided to Niagara Mohawk’s customers through the company’s PSC #207 tariff, Rule 39, as amended from time to time. Customers under this program will take retail Transmission Service under Parts I and IV of this Tariff. They will be billed by, and make payments directly to Niagara Mohawk for the applicable Transmission Service Charge.

5.2.6 Orange and Rockland

Retail access customers participating in the Orange and Rockland retail access plan shall take retail access service under Parts 2 and 5 of this Tariff and under Orange and Rockland Utilities, Inc., FERC Electric Tariff, Volume No. 3, as amended from time to time. Pursuant to Orange and Rockland’s PSC approved retail access tariff and this Tariff all retail access customers will receive a bill from Orange and Rockland for the transmission component of their retail service. Such customers shall pay this bill directly to Orange and Rockland in accordance with the terms of Orange and Rockland Utilities, Inc. FERC Electric Tariff, Volume No. 3, as amended from time to time.

5.2.7 Rochester Gas and Electric Corporation

Under Rochester Gas and Electric Corporation's retail access program, 10% of the Load became eligible to choose their own supplier of electricity on July 1, 1998. (PSC No. 15 - Electricity, Rochester Gas and Electric Corporation, Schedule for Electric Distribution Service.) Twenty percent of the Load will become eligible to participate in the choice program on July 1, 1999, while 50% of the Load may elect their supplier by July 1, 2000. All customers will be eligible to choose their supplier of electricity beginning July 1, 2001.