

## **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 trued-up amount for that charge.

#### **2.7.3.4 Method of Payment**

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

#### **2.7.3.5 Verification of Payments**

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

#### **2.7.3.6 TCC Auction Settlements**

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

2.7.3.6.1 The ISO shall submit invoices to, and make settlements with, Transmission

Owners in connection with the allocation of Net Auction Revenues in accordance with the timeline set forth in ISO Procedures.

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

2.7.3.6.3 Except as provided in Section 2.7.1.4 of this ISO OATT, the ISO shall pay all net monies owed to Transmission Customers as a result of their activity in or related to a Centralized TCC Auction or a Reconfiguration Auction, pursuant to an award notice or a comparable invoice rendered by the ISO, from the ISO Clearing Account in accordance with ISO Procedures.

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

### **2.7.3.7 Settlement Information and Billing Procedures for TSCs**

The ISO shall provide each 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 forgoing 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) .

## **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.

**7 Attachment A - Form of Service Agreement for Firm Point-To-Point Transmission Service**

- 1.0 This Service Agreement, dated as of \_\_\_\_\_, is entered into, by and between \_\_\_\_\_ (the “ISO”), and \_\_\_\_\_ (“Transmission Customer”).
- 2.0 The Transmission Customer has been determined by the ISO to have a Completed Application for Firm Point-To-Point Transmission Service under the Tariff.
- 3.0 Service under this agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
- 4.0 The ISO agrees to provide and the Transmission Customer agrees to pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 5.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

ISO:

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Transmission Customer:

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- 6.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

ISO:

By: \_\_\_\_\_  
Name Title Date

Transmission Customer:

By: \_\_\_\_\_  
Name Title Date