

TABLE OF CONTENTS

I.	Common Service Provisions	1
1.0	Definitions	1
1.0a	Actual Energy Withdrawals	1
1.0b	Affiliate	1
1.1	Ancillary Services	1
1.2	Annual Transmission Costs	1
1.2a	Annual Transmission Revenue Requirement	1
1.3	Application	1
1.3a	Automatic Generation Control (“AGC”)	1
1.3b	Availability	2
1.3c	Available Generating Capacity	2
1.3d	Available Transfer Capability (“ATC”)	2
1.3e	Balance Market Evaluation (“BME”)	2
1.3f	Base Point Signals	2
1.3g	Bid/Post System	2
1.3h	Bid	2
1.3i	Bid Price	3
1.3j	Bid Production Cost	3
1.3k	Bilateral Transaction	3
1.3l	Board of Directors (“Board”)	3
1.3m	Business Issues Committee	3
1.3n	Capability Period	3
1.3o	Capacity	3
1.3p	Capacity Benefit Margin (“CBM”)	3
1.3q	Centralized Transmission Congestion Contracts (“TCC”) Auction (“Auction”)	3
1.3r	Centralized TCC Auction Period (“Auction Period”)	4
1.3s	Class A Unit	4
1.3t	Class B Unit	4
1.3u	Code of Conduct	4
1.4	Commission (“FERC”)	4
1.5	Completed Application	4
1.5a	Confidential Information	4
1.5b	Congestion	4
1.5c	Congestion Component	4
1.5d	Congestion Rent	4
1.5e	Congestion Rent Shortfall	5
1.5f	Constraint	5
1.5g	Contingency	5
1.5h	Contract Establishment Date	5
1.6	Control Area	5

1.7	Curtailment or Curtail	5
1.7a	Customer	5
1.7b	Day-Ahead	6
1.7c	Day-Ahead LBMP	6
1.7d	Day-Ahead Market	6
1.7e	Decremental Bid	6
1.8	Delivering Party	6
1.8a	Demand Side Resources	6
1.8b	Dependable Maximum Net Capability (“DMNC”)	6
1.9	Designated Agent	6
1.9a	Desired Net Interchange (“DNI”)	6
1.10	Direct Assignment Facilities	6
1.10a	Direct Sale	7
1.10b	Dispatchable	7
1.10c	Dispatch Day	7
1.10d	Dispute Resolution Administrator (“DRA”)	7
1.10e	Dispute Resolution Process (“DRP”)	7
1.11	Eligible Customer	7
1.11a	Emergency	7
1.11b	Emergency State	8
1.11c	Energy (“Mwh”)	8
1.11d	Excess Congestion Rents	8
1.11e	Existing Transmission Agreement (“ETA”)	8
1.11f	Existing Transmission Capacity for Native Load	8
1.11g	Exports	9
1.11h	External	9
1.11i	External Transactions	9
1.11j	Federal Power Act (“FPA”)	9
1.12	Facilities Study	9
1.13	Firm Point-To-Point Transmission Service	9
1.13a	Firm Transmission Service	9
1.13b	First Settlement	9
1.13c	Generator	9
1.13d	Generator Classes	10
1.14	Good Utility Practice	10
1.14a	Government Bonds	10
1.14b	Grandfathered Rights	10
1.14c	Grandfathered TCCs	10
1.14d	Hour-Ahead Bid	10
1.14e	Imports	10
1.14f	Imputed Revenue	11
1.14g	Inadvertent Energy Accounting	11
1.14h	Incremental Bid	11
1.14i	Incremental TCC	11

1.14j	Independent System Operator, Inc. (“ISO”)	11
1.14k	Independent System Operator Agreement (“ISO Agreement”)	11
1.14l	Independent System Operator/New York State Reliability Council (“ISO/NYSRC Agreement”)	11
1.14m	Independent System Operator/Transmission Owner Agreement (“ISO/TO Agreement”)	11
1.14n	Installed Capacity	11
1.14o	Interconnection or Interconnection Points (“IP”)	11
1.14p	Interface	12
1.14q	Interface MW - Mile Methodology	12
1.14r	Internal	12
1.14s	Internal Transactions	12
1.14t	Interruptible Load Resources	12
1.15	Interruption	12
1.15a	Investor-Owned Transmission Owners	12
1.15b	ISO Administered Markets	12
1.15c	ISO Market Power Monitoring Program	12
1.15d	ISO OATT (the “Tariff”)	12
1.15e	ISO Procedures	13
1.15f	ISO Related Agreements	13
1.15g	ISO Services Tariff	13
1.15h	ISO Tariffs	13
1.15i	LBMP Markets	13
1.15j	LIPA Tax-Exempt Bonds	13
1.15k	Load	13
1.16	Load Ratio Share	13
1.16a	Load Serving Entity (“LSE”)	13
1.17	Load Shedding	13
1.17a	Load Zone	13
1.17b	Local Furnishing Bonds	14
1.17c	Locality	14
1.17d	Local Reliability Rule	14
1.17e	Locational Based Marginal Pricing (“LBMP”)	14
1.17f	Locational Installed Capacity Requirement	14
1.18	Long-Term Firm Point-To-Point Transmission Service	14
1.18a	Lost Opportunity Cost	14
1.18b	Major Emergency State	15
1.18c	Manual Dispatch	15
1.18d	Marginal Losses	15
1.18e	Marginal Losses Component	15
1.18f	Market Participant	15
1.18g	Market Services	15
1.18h	Member Systems	15
1.18i	Minimum Generation and Start-Up Bid	15

1.18j	Modified Wheeling Agreements (“MWA”)	15
1.19	Native Load Customers	16
1.19a	Native Load TCCs	16
1.19b	NERC	16
1.19c	NERC Transaction Priorities	16
1.20	Network Customer	16
1.21	Network Integration Transmission Service	16
1.22	Network Load	16
1.23	Network Operating Agreement	16
1.24	Network Operating Committee	16
1.25	Network Resource	17
1.26	Network Upgrades	17
1.26a	Network Upgrade Agreement	17
1.26b	New York Control Area (“NYCA”)	17
1.26c	New York Power Pool (“NYPP”)	17
1.26d	New York State Power System (“NYS Power System”)	17
1.26e	New York State Reliability Council (“NYSRC”)	17
1.26f	New York State Transmission System (“NYS Transmission System”)	18
1.27	Non-Firm Point-To-Point Transmission Service	18
1.27a	Non-Utility Generator (“NUG,” “Independent Power Producer” or “IPP”)	18
1.27b	Normal State	18
1.27c	Notification	18
1.27d	Nuclear Regulatory Commission (“NRC”)	18
1.27e	NYPA	18
1.27f	NYPA Transmission Adjustment Charge (“NTAC”)	19
1.27g	Off-Dispatch	19
1.27h	Off-Peak	19
1.27i	On-Dispatch	19
1.27j	On-Peak	19
1.28	Open Access Same-Time Information System (“OASIS”)	19
1.28a	Operating Capacity	19
1.28b	Operating Committee	19
1.28c	Operating Reserves	19
1.28d	Operating Study Power Flow	20
1.28e	Operational Control	20
1.28f	Optimal Power Flow (“OPF”)	20
1.28g	Order Nos. 888 <u>et seq.</u>	20
1.28h	Order Nos. 889 <u>et seq.</u>	20
1.28i	Out-of-Merit Generation	20
1.29	Part I	21
1.30	Part II	21
1.31	Part III	21
1.31a	Part IV	21

1.32	Party or Parties	21
	1.32a Performance Tracking System	21
1.33	Point(s) of Delivery	21
	1.33a Point(s) of Injection (“POI”)	21
1.34	Point(s) of Receipt	21
	1.34a Point(s) of Withdrawal (“POW”)	22
1.35	Point-to-Point Transmission Service	22
	1.35a Pool Control Error (“PCE”)	22
	1.35b Post Contingency	22
	1.35c Power Exchange (“PE”)	22
	1.35d Power Factor	22
	1.35e Power Factor Criteria	22
	1.35f Power Flow	22
	1.35g Proxy Generator Bus	22
	1.35h PSC	22
	1.35i PSL	22
1.36	Power Purchaser	23
	1.36a Primary Holder	23
	1.36b Primary Owner	23
	1.36c Reactive Power (MVar.)	23
	1.36d Real Power Losses	23
	1.36e Real-Time LBMP	24
	1.36f Real-Time Market	24
1.37	Receiving Party	24
	1.37a Reduction or Reduce	24
	1.37b Reference Bus	24
1.38	Regional Transmission Group (RTG)	24
	1.38a Reliability Rules	24
	1.38b Required System Capability	24
1.39	Reserved Capacity	24
	1.39a Residual Adjustment	24
	1.39b Residual Transmission Capacity (“RTC”)	25
	1.39c Residual TCCs	25
	1.39d Safe Operations	25
	1.39e SCUC	25
	1.39f Second Contingency Design and Operation	25
	1.39g Second Settlement	26
	1.39h Secondary Holder	26
	1.39i Secondary Market	26
	1.39j Security Constrained Dispatch (“SCD”)	26
	1.39k Security Coordinator	26
	1.39l Self-Supply	26
1.40	Service Agreement	27
1.41	Service Commencement Date	27

1.41a	Settlement	27
1.41b	Shift Factor (“SF”)	27
1.42	Short-Term Firm Point-To-Point Transmission Service	27
1.42a	Storm Watch	27
1.42b	Strandable Costs	27
1.42c	Stranded Investment Recovery Charge (“SIRC”)	27
1.42d	Supplier	27
1.42e	Supplemental Resource Evaluation (“SRE”)	28
1.43	System Impact Study	28
1.44	Third Party Sale	28
1.44a	Third Party Transmission Wheeling Agreements (“Third Party TWA’s”)	28
1.44b	Total Transfer Capability (“TTC”)	28
1.44c	Transaction	28
1.44d	Transfer Capability	28
1.44e	Transmission Congestion Contracts (“TCCs”)	28
1.45	Transmission Customer	28
1.45a	Transmission District	29
1.45b	Transmission Facility Agreement	29
1.45c	Transmission Facilities Under ISO Operational Control	29
1.45d	Transmission Facilities Requiring ISO Notification	29
1.45e	Transmission Fund	29
1.46	Transmission Owner	29
1.47	Transmission Owner’s Monthly Transmission System Peak	29
1.47a	Transmission Plan	30
1.47b	Transmission Reliability Margin (“TRM”)	30
1.48	Transmission Service	30
1.48a	Transmission Service Charge (“TSC”)	30
1.49	Transmission System	30
1.49a	Transmission Usage Charge (“TUC”)	30
1.49b	Transmission Wheeling Agreement (“TWA”)	30
1.49c	Voting Share	30
1.49d	Wheels Through	30
1.49e	Wholesale Market	30
1A.0	Term and Effectiveness	31
1A.1	Effectiveness	31
1A.2	Term and Termination	31
2.0	Initial Allocation and Renewal Procedures	32
2.1	Initial Allocation of Available Transmission Capability	32
2.2	Reservation Priority For Existing Firm Service	32
3.0	Ancillary Services	33
3.1	Scheduling, System Control and Dispatch Service	34
3.2	Reactive Supply and Voltage Control from Generation Sources Service	34
3.3	Regulation and Frequency Response Service	34

3.4	Energy Imbalance Service	34
3.5	Operating Reserve Service	34
3.6	ISO Black Start Capability	34
4.0	Open-Access Same Time Information System (“OASIS”)	34
5.0	Local Furnishing Bonds and Other Tax Exempt Financing	35
5.1	Tax Exempt Financing Pursuant to Section 142(f) of the Internal Revenue Code	35
5.1A	Section 211 Order	35
5.2	Alternative Procedures for Requesting Transmission Service	35
5.2A	Tax Exempt Financing Pursuant to Section 103 and Related Provision of the Internal Revenue Code	36
5.2B	Transmission Service Effects on Use of Tax-Exempt Financing by LIPA	37
5.2C	Responsibility for Costs Associated With Loss of Tax-Exempt Status	37
5.2D	Use of LIPA’s Facilities	38
6.0	Reciprocity	38
7.0	Billing and Payment	39
7A.0	ISO Clearing Account	39
7B.0	Billing and Charges	41
7B.1	Transmission Service Charge - General Applicability	41
7B.2	Transmission Usage Charge (TUC)	43
7B.3	Ancillary Services	44
7B.4	NYPA Transmission Adjustment Charge (NTAC)	45
7.1	Billing Procedures	46
7.2	Interest on Unpaid Balances	49
7.2A	Billing Disputes	49
7.3	Customer Default	50
7.3A	Stranded Costs	51
8.0	Accounting for the Transmission Owner’s Use of the Tariff	51
8.1	Transmission Revenue	52
8.2	Study Costs and Revenues	52
9.0	Regulatory Filings	52
9A.0	Tariff Modifications	53
10.0	Force Majeure and Indemnification	53
10.1	Force Majeure	53
10.2	Indemnification	54
10A.0	Back-up Operation	54
10A.1	Back-up Operation Procedures	54
10A.2	Market Participant and Transmission Customer Obligations	55
10A.3	Billing and Settlement	55
10B.0	Emergency Notification	56
11.0	Creditworthiness	56
12.0	Dispute Resolution Procedures	57

12.1	Internal Dispute Resolution Procedures	57
12.2	External Non-Binding Mediation and Arbitration Procedures	58
12.3	Arbitration Decisions	62
12.4	Costs	64
12.5	Rights Under The FPA	64
II.	Point-To-Point Transmission Service	64
Preamble		64
13.0	Nature of Firm Point-To-Point Transmission Service	64
13.1	Term	64
13.2	Reservation Priority	65
13.3	Use of Firm Transmission Service by the Transmission Owner(s)	65
13.4	Service Agreements	65
13.5	Transmission Customer Obligation for Facility Additions or Redispatch Cost:	66
13.6	Curtailment of Firm Transmission Service	66
13.7	Classification of Firm Transmission Service	67
13.8	Scheduling of Firm Point-To-Point Transmission Service	68
14.0	Nature of Non-Firm Point-To-Point Transmission Service	70
14.1	Term	70
14.2	Reservation Priority	70
14.3	Use of Non-Firm Point-To-Point Transmission Service by the Transmission Owner	71
14.4	Service Agreements	71
14.5	Classification of Non-Firm Point-To-Point Transmission Service	71
14.6	Scheduling of Non-Firm Point-To-Point Transmission Service	72
14.7	Curtailment or Interruption of Service	74
15.0	Service Availability	74
15.1	General Conditions	75
15.2	Determination of Available Transmission Capability	75
15.3	Initiating Service in the Absence of an Executed Service Agreement	75
15.4	Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System	76
15.5	Deferral of Service	76
15.6	Other Transmission Service Schedules	76
15.7	Real Power Losses	77
16.0	Transmission Customer Responsibilities	77
16.1	Conditions Required of Transmission Customers	77
16.2	Transmission Customer Responsibility for Third-Party Arrangements	77
17.0	Procedures for Arranging Firm Point-To-Point Transmission Service	78
17.1	Application	78
17.2	Completed Application	79
17.3	Deposit	79

17.4	Notice of Deficient Application	80
17.5	Response to a Completed Application	80
17.6	Execution of Service Agreement	81
17.7	Extension for Commencement of Service	81
18.0	Procedures for Arranging Non-Firm Point-To-Point Transmission Service	81
18.1	Application	81
18.2	Completed Application	81
18.3	Requests for Non-Firm Point-to-Point Transmission	82
18.4	Determination of Available Transmission Capability Using Security Constrained Unit Commitment (“SCUC”) and Security Constrained Dispatch (“SCD”)	82
19.0	Additional Study Procedures For Firm Point-To-Point Transmission Service Requests	83
19.1	Notice of Request for System Impact Study	83
19.2	System Impact Study Agreement and Cost Reimbursement	84
19.3	System Impact Study Procedures	85
19.4	Facilities Study Procedures	86
19.5	Facilities Study Modifications	88
19.6	Due Diligence in Completing New Facilities	89
19.7	Partial Interim Service	89
19.8	Expedited Procedures for New Facilities	89
19A	Development of Transmission Reinforcement Options	90
	19A.1	90
	19A.2	91
	19A.3	91
19B	Study Procedures For New Interconnections To The NYS Power System	91
	19B.1 Request for Interconnection Study	91
	19B.2 Study Procedures	92
	19B.3 Interconnection Agreements	93
19C	Prioritizing Transmission and Interconnection Studies	93
20.0	Procedures if The Transmission Owner is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service	94
20.1	Delays in Construction of New Facilities	94
20.2	Alternatives to the Original Facility Additions	95
20.3	Refund Obligation for Unfinished Facility Additions	95
21.0	Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities	96
21.1	Responsibility for Third-Party System Additions	96
21.2	Coordination of Third-Party System Additions	96
22.0	Changes in Service Specifications	97
22.1	Modifications On a Non-Firm Basis	97
22.2	Modification On a Firm Basis	98
23.0	Sale or Assignment of Transmission Service	98

23.1	Procedures for Assignment or Transfer of Service	98
23.2	Limitations on Assignment or Transfer of Service	99
23.3	Information on Assignment or Transfer of Service	100
24.0	Metering and Power Factor Correction at Receipt and Delivery Point(s)	100
24.1	Transmission Customer Obligations	100
24.2	Access to Metering Data	100
24.3	Power Factor	100
25.0	Compensation for Transmission Service	101
26.0	Stranded Cost Recovery	101
27.0	Compensation for New Facilities and Redispatch Costs	102
III.	Network Integration Transmission Service	103
Preamble		103
28.0	Nature of Network Integration Transmission Service	103
28.1	Scope of Service	103
28.2	Transmission Owner Responsibilities	104
28.3	Network Integration Transmission Service	104
28.4	Secondary Service	105
28.5	Real Power Losses	105
28.6	Restrictions on Use of Service	105
29.0	Initiating Service	105
29.1	Condition Precedent for Receiving Service	106
29.2	Application Procedures	106
29.3	Technical Arrangements to be Completed Prior to Commencement of Service	109
29.4	Network Customer Facilities	109
29.5	Filing of Service Agreement	110
30.0	Network Resources	110
30.1	Designation of Network Resources	110
30.2	Designation of New Network Resources	111
30.3	Termination of Network Resources	111
30.4	Operation of Network Resources	111
30.5	Network Customer Redispatch Obligation	111
30.6	Transmission Arrangements for Network Resources Not Physically Interconnected With The NYS Transmission System	112
30.7	Limitation on Designation of Network Resources	112
30.8	Use of Interface Capacity by the Network Customer	112
30.9	Network Customer Owned Transmission Facilities	113
31.0	Designation of Network Load	113
31.1	Network Load	113
31.2	New Network Loads Connected With the Transmission Owners	113
31.3	Network Load Not Physically Interconnected with the NYS Transmission System	114

31.4	New Interconnection Points	114
31.5	Changes in Service Requests	115
31.6	Annual Load and Resource Information Updates	115
32.0	Additional Study Procedures For Network Integration Transmission	
	Service Requests	115
32.1	Notice of Request for System Impact Study	116
32.2	System Impact Study Agreement and Cost Reimbursement	117
32.3	System Impact Study Procedures	118
32.4	Facilities Study Procedures	119
	32A Development of Transmission Reinforcement Options	122
	32A.1	122
	32A.2	122
	32A.3	123
	32B Study Procedures For New Interconnections To The NYS	
	Power System	123
	32B.1 Request for Interconnection Study	123
	32B.2 Study Procedures	123
	32B.3 Interconnection Agreements	124
33.0	Load Shedding and Curtailments	125
33.1	Procedures	125
33.2	Transmission Constraints	125
33.3	Cost Responsibility for Relieving Transmission Constraints	126
33.4	Curtailments of Scheduled Deliveries	126
33.5	Allocation of Curtailments	126
33.6	Load Shedding	127
33.7	System Reliability	127
34.0	Rates and Charges	128
34.1	Monthly Demand Charge	128
34.2	Determination of Network Customer's Monthly Network Load	129
34.3	Determination of Transmission Owner's Monthly Transmission	
	System Load	129
34.4	Redispatch Charge	129
34.5	Stranded Cost Recovery	129
35.0	Operating Arrangements	130
35.1	Operation Under The Network Operating Agreement	130
35.2	Network Operating Agreement	130
35.3	Network Operating Committee	132
	IV. Special Provisions for Retail Access	132
	Preamble	132
36.0	Rights and Responsibilities of Eligible Customers and LSEs	133
36.1	Eligible Customers	133
36.2	Load Serving Entities	134

36.3	Transmission Service Charges	135
36.4	Settlement Procedures	136
37.0	The Individual Retail Access Plans	137
SCHEDULE 1 - SCHEDULING, SYSTEM CONTROL AND DISPATCH		
	SERVICE	142
SCHEDULE 2 - REACTIVE SUPPLY AND VOLTAGE CONTROL FROM		
	GENERATION SOURCES SERVICE	148
SCHEDULE 3 - REGULATION AND FREQUENCY RESPONSE SERVICE		
	SERVICE	151
SCHEDULE 4 - ENERGY IMBALANCE SERVICE		
	SERVICE	154
SCHEDULE 5 - OPERATING RESERVE SERVICE		
	SERVICE	157
SCHEDULE 6 - BLACK START SERVICE		
	SERVICE	160
SCHEDULE 7 - FIRM POINT-TO-POINT TRANSMISSION SERVICE		
	SERVICE	162
SCHEDULE 8 - NON-FIRM POINT-TO-POINT TRANSMISSION SERVICE		
	SERVICE	169
SCHEDULE 9 - NETWORK INTEGRATION TRANSMISSION SERVICE		
	SERVICE	174
ATTACHMENT A - FORM OF SERVICE AGREEMENT FOR FIRM		
	POINT-TO-POINT TRANSMISSION SERVICE	181
ATTACHMENT B - FORM OF SERVICE AGREEMENT FOR NON-FIRM		
	POINT-TO-POINT TRANSMISSION SERVICE	185
ATTACHMENT C - METHODOLOGY TO ASSESS AVAILABLE TRANSFER		
	CAPABILITY	187
ATTACHMENT D - METHODOLOGY FOR COMPLETING A SYSTEM		
	IMPACT STUDY	191
ATTACHMENT E - INDEX OF POINT-TO-POINT TRANSMISSION SERVICE		
	CUSTOMERS	193
ATTACHMENT F - NEW YORK INDEPENDENT SYSTEM OPERATOR		
	CODE OF CONDUCT	194
ATTACHMENT G - NETWORK OPERATING AGREEMENT		
	AGREEMENT	209
ATTACHMENT H ANNUAL TRANSMISSION REVENUE REQUIREMENT		
	FOR POINT-TO-POINT TRANSMISSION SERVICE AND	
	NETWORK INTEGRATION TRANSMISSION SERVICE	210

ATTACHMENT I - INDEX OF NETWORK INTEGRATION TRANSMISSION SERVICE CUSTOMERS	234
ATTACHMENT J - LBMP CALCULATION METHOD	235
ATTACHMENT K - RESERVATION OF CERTAIN TRANSMISSION CAPACITY AND LBMP TRANSITION PERIOD	255
ATTACHMENT L - EXISTING TRANSMISSION AGREEMENTS & EXISTING TRANSMISSION CAPACITY FOR NATIVE LOAD TABLES	269
ATTACHMENT M - SALE OF TRANSMISSION CONGESTION CONTRACTS ("TCCs")	282
ATTACHMENT N - ALLOCATION OF TCC SALES REVENUES, EXCESS CONGESTION RENTS AND CONGESTION RENT SHORTFALL	317
ATTACHMENT O - SERVICE AGREEMENT FOR NETWORK INTEGRATION TRANSMISSION SERVICE	322
ATTACHMENT P - DATA REQUIREMENTS FOR BILATERAL TRANSACTIONS	337

I. COMMON SERVICE PROVISIONS

1.0 Definitions

- 1.0a Actual Energy Withdrawals:** Energy withdrawals which are either: (1) measured with a revenue-quality real-time meter; (2) assessed (in the case of LSEs serving retail customers where withdrawals are not measured by revenue-quality real-time meters) on the basis provided for in a Transmission Owner's retail access program; or (3) calculated (in the case of wholesale customers where withdrawals are not measured by revenue-quality real-time meters), until such time as revenue-quality real-time metering is available on a basis agreed upon by the unmetered wholesale customers.
- 1.0b Affiliate:** With respect to a person or entity, any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust or unincorporated organization, directly or indirectly controlling, controlled by, or under common control with, such person or entity. The term "control" shall mean the possession, directly or indirectly, of the power to direct the management or policies of a person or an entity. A voting interest of ten percent or more shall create a rebuttable presumption of control.
- 1.1 Ancillary Services:** Those services that are necessary to support the transmission of Capacity and Energy from resources to Loads while maintaining reliable operation of the NYS Transmission System in accordance with Good Utility Practice.
- 1.2 Annual Transmission Costs:** The total annual cost of the Transmission System for purposes of Network Integration and Point-to-Point Transmission Services shall be the amount specified in Attachment H until amended by the Transmission Owners or modified by the Commission.
- 1.2a Annual Transmission Revenue Requirement:** The total annual cost for each Transmission Owner (other than LIPA) to provide transmission service subject to review and acceptance by FERC or other authority.
- 1.3 Application:** A request by an Eligible Customer for Transmission Service pursuant to the provisions of this Tariff.
- 1.3a Automatic Generation Control ("AGC"):** The automatic regulation of the power output of electric generating facilities within a prescribed range in response to a change in system frequency, or tie-line loading, to maintain system frequency or scheduled interchange with other areas within predetermined limits.

- 1.3b Availability:** A measure of time that generating facilities, transmission line or other facility is or was capable of providing service, whether or not it actually is in-service.
- 1.3c Available Generating Capacity:** Generating Capacity that is on line to serve Load and/or provide Ancillary Services, or is capable of initiating start-up for the purpose of serving Transmission Customers or providing Ancillary Services, within thirty (30) minutes.
- 1.3d Available Transfer Capability (“ATC”):** A measure of the Transfer Capability remaining in the physical transmission network for further commercial activity over and above already committed uses. ATC is defined as the Total Transfer Capability, less Transmission Reliability Margin, less the sum of existing transmission commitments, (which includes retail customer service) less the Capacity Benefit Margin. The amount reserved to support existing transmission commitments is defined in the Existing Transmission Agreements and Existing Transmission Capacity for Native Load in Attachment L.
- 1.3e Balance Market Evaluation (“BME”):** An evaluation performed for the hour in which the dispatch occurs. The BME begins ninety (90) minutes before the beginning of the hour in which dispatch occurs. Based upon the Day-Ahead commitment and updated Load forecasts and Generator schedules, BME will assess new Bids for the Locational Based Market Pricing (“LBMP”) Markets and requests for new Bilateral Transaction schedules for the Dispatch Hour to which the SCUC applies. BME will redispach Internal Generators, schedule External Generators, schedule new Bilateral Transactions, if feasible, update Desired Net Interchanges, if needed, and Reduce or Curtail Bilateral Transactions with non-Firm and Firm Transmission Service as needed for the Dispatch Hour for which the SCUC applies.
- 1.3f Base Point Signals:** Electronic signals sent from the ISO and ultimately received by Generators specifying the scheduled MW output for the Generator. Security Constrained Dispatch (“SCD”) Base Point Signals are typically sent to Generators on a nominal five (5) minute basis. AGC Base Point Signals are typically sent to Generators on a nominal six (6) second basis.
- 1.3g Bid/Post System:** An electronic information system used to allow the posting of proposed transmission schedules and Bids for Energy and Ancillary Services by Market Participants for use by the ISO and to allow the ISO to post Locational Based Marginal Prices and schedules.
- 1.3h Bid:** Offer to purchase and/or sell Energy, Transmission Congestion Contracts and/or Ancillary Services at a specified price that is duly submitted to the ISO

pursuant to ISO Procedures.

- 1.3i Bid Price:** The price at which the Supplier offering the Bid is prepared to provide the product or service, or the buyer offering the Bid is willing to pay to receive such product or service.
- 1.3j Bid Production Cost:** Total cost of the Generators required to meet Load and reliability Constraints based upon Bids corresponding to the usual measures of Generator production cost (e.g., running cost and Minimum Generation and Start-Up Bid).
- 1.3k Bilateral Transaction:** A Transaction between two or more parties for the purchase and/or sale of Capacity, Energy, and/or Ancillary Services other than those in the ISO Administered Markets.
- 1.3l Board of Directors (“Board”):** The governing body of the ISO which is comprised of ten (10) persons (Directors) that are unaffiliated with any Market Participants, as described in the ISO Agreement.
- 1.3m Business Issues Committee:** A standing committee of the ISO created pursuant to the ISO Agreement to establish rules related to business issues and provide a forum for discussion of those rules and issues.
- 1.3n Capability Period:** Six-month periods which are established as follows: (1) from May 1 through October 31 of each year (“Summer Capability Period”); and (2) from November 1 of each year through April 30 of the following year (“Winter Capability Period”); or such other periods as may be determined by the Operating Committee of the ISO. A Summer Capability Period followed by a Winter Capability Period shall be referred to as a “Capability Year”. Each Capability Period shall consist of On-Peak and Off-Peak periods.
- 1.3o Capacity:** The capability to generate or transmit electrical power, measured in megawatts (“MW”).
- 1.3p Capacity Benefit Margin (“CBM”):** That amount of Total Transfer Capability reserved by the ISO on the NYS Transmission System to ensure access to generation from interconnected systems to meet generation reliability requirements.
- 1.3q Centralized Transmission Congestion Contracts (“TCC”) Auction (“Auction”):** The process by which TCCs are released for sale for the Centralized TCC Auction

Period, through a bidding process administered by the ISO or an auctioneer.

- 1.3r Centralized TCC Auction Period (“Auction Period”):** The period equal to one or more whole Capability Periods, determined by the ISO, for which the award of TCCs in the Auction is valid.
- 1.3s Class A Unit:** A Generator or Dispatchable Load that participates in nominal five-minute SCD dispatch.
- 1.3t Class B Unit:** A Generator or Dispatchable Load that is not participating in the nominal five-minute SCD dispatch, but offers to provide spinning reserves to the ISO.
- 1.3u Code of Conduct:** The rules, procedures and restrictions concerning the conduct of the ISO directors and employees, contained in Attachment F to the ISO Open Access Transmission Tariff.
- 1.4 Commission (“FERC”):** The Federal Energy Regulatory Commission, or any successor agency.
- 1.5 Completed Application:** An Application that satisfies all of the information and other requirements of the Tariff.
- 1.5a Confidential Information:** Information and/or data which has been designated by a Transmission Customer to be proprietary and confidential, provided that such designation is consistent with the ISO Procedures and this Tariff, including the attached Code of Conduct.
- 1.5b Congestion:** A characteristic of the transmission system produced by a constraint on the optimum economic operation of the power system, such that the marginal price of Energy to serve the next increment of Load, exclusive of losses, at different locations on the Transmission System is unequal.
- 1.5c Congestion Component:** The component of the LBMP measured at a location or the Transmission Usage Charge between two locations that is attributable to the cost of transmission Congestion.
- 1.5d Congestion Rent:** The opportunity costs of transmission Constraints on the NYS Transmission System. Congestion Rents are collected by the ISO from Loads through its facilitation of LBMP Market Transactions and the collection of Transmission Usage Charges from Bilateral Transactions, and are paid to Primary Holders.

- 1.5e Congestion Rent Shortfall:** A condition in which the Congestion Rent revenue collected by the ISO is less than the amount of Congestion Rent revenue that the ISO is obligated under the Tariff to pay out to the Primary Holders of TCCs.
- 1.5f Constraint:** An upper or lower limit placed on a variable or set of variables that are used by the ISO in its SCUC, BME or SCD programs to control and/or facilitate the operation of the NYS Transmission System.
- 1.5g Contingency:** An actual or potential unexpected failure or outage of a system component, such as a Generator, transmission line, circuit breaker, switch or other electrical element. A Contingency also may include multiple components, which are related by situations leading to simultaneous component outages.
- 1.5h Contract Establishment Date:** The date, listed in Attachment L, on which the listed existing agreements which are the source of Grandfathered Rights and Grandfathered TCCs were executed.
- 1.6 Control Area:** An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:
- (1) match, at all times, the power output of the Generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the Load within the electric power system(s);
 - (2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
 - (3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
 - (4) provide sufficient generating capacity to maintain Operating Reserves in accordance with Good Utility Practice.
- 1.7 Curtailment or Curtail:** A reduction in Firm or non-Firm Transmission Service in response to a transmission capacity shortage as a result of system reliability conditions.
- 1.7a Customer:** An entity which has complied with the requirements contained in the ISO Services Tariff, including having signed a Service Agreement, and is qualified to utilize the Market Services and the Control Area Services provided by the ISO under the ISO Services Tariff; provided, however, that a party taking services under the Tariff pursuant to an unsigned Service Agreement filed with the Commission by the ISO shall be deemed a Customer.

- 1.7b Day-Ahead:** Nominally, the twenty-four (24) hour period directly preceding the Dispatch Day, except when this period may be extended by the ISO to accommodate weekends and holidays.
- 1.7c Day-Ahead LBMP:** The LBMPs calculated based upon the ISO's Day-Ahead Security Constrained Unit Commitment process.
- 1.7d Day-Ahead Market:** The ISO Administered Market in which Capacity, Energy and/or Ancillary Services are scheduled and sold Day-Ahead consisting of the Day-Ahead scheduling process, price calculations and Settlements.
- 1.7e Decremental Bid:** A monotonically increasing bid curve provided by an entity engaged in a Bilateral Transaction to indicate the LBMP below which that entity is willing to reduce its Generator's output or have its Transmission Service Curtailed, and purchase Energy in the LBMP Markets. If Decremental Bids are not voluntarily provided by such entities, the ISO will enter a default Decremental Bid.
- 1.8 Delivering Party:** The entity supplying Capacity and Energy to be transmitted at Point(s) of Receipt.
- 1.8a Demand Side Resources:** Resources that result in the reduction of a Load in a responsive and measurable manner and within time limits established in the ISO Procedures.
- 1.8b Dependable Maximum Net Capability ("DMNC"):** The sustained maximum net output of a Generator, as demonstrated by the performance of a test or through actual operation, averaged over a continuous time period as defined in the ISO Procedures.
- 1.9 Designated Agent:** Any entity that performs actions or functions on behalf of the Transmission Owner, an Eligible Customer, or the Transmission Customer required under the Tariff.
- 1.9a Desired Net Interchange ("DNI"):** A mechanism used to set and maintain the desired Energy interchange (or transfer) between two Control Areas; it is scheduled ahead of time and can be changed only manually in real-time.
- 1.10 Direct Assignment Facilities:** Facilities or portions of facilities that are constructed by the Transmission Owner(s) for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer

and shall be subject to Commission approval.

- 1.10a Direct Sale:** The sale of TCCs directly to a buyer by the Primary Owner through a non-discriminatory auditable sale conducted on the ISO's OASIS, in compliance with the requirements and restrictions set forth in Commission Orders 888 et seq. and 889 et seq.
- 1.10b Dispatchable:** A Generator or Load that is capable of responding to real-time control from the ISO.
- 1.10c Dispatch Day:** The twenty-four (24) hour period commencing at the beginning of each day (0000 hour).
- 1.10d Dispute Resolution Administrator ("DRA"):** An individual hired by the ISO to administer the Dispute Resolution Process established in the ISO Tariffs and ISO Agreement.
- 1.10e Dispute Resolution Process ("DRP"):** The procedures: (1) described in the ISO Tariffs and the ISO Agreement that are used to resolve disputes between Market Participants and the ISO involving services provided under the ISO Tariffs (excluding applications for rate changes or other changes to the ISOTariffs or rules relating to such services); and (2) described in the ISO/NYSRC Agreement that are used to resolve disputes between the ISO and NYSRC involving the implementation and/or application of the Reliability Rules.
- 1.11 Eligible Customer:** (i) Any electric utility (including the Transmission Owner and any power marketer), Federal power marketing agency, or any person generating Energy for sale or resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Owner offer the unbundled transmission service, or pursuant to a voluntary offer of such service by the Transmission Owner. (ii) Any retail customer taking unbundled transmission service pursuant to a state requirement that the Transmission Owner offer the transmission service, or pursuant to a voluntary offer of such service by the Transmission Owner, is an Eligible Customer under the Tariff.
- 1.11a Emergency:** Any abnormal system condition that requires immediate automatic or manual action to prevent or limit loss of transmission facilities or Generators that

could adversely affect the reliability of an electric system.

- 1.11b Emergency State:** The state that the NYS Power System is in when an abnormal condition occurs that requires automatic or immediate, manual action to prevent or limit loss of the NYS Transmission System or Generators that could adversely affect the reliability of the NYS Power System.
- 1.11c Energy (“MWh”):** A quantity of electricity that is Bid, produced, purchased, consumed, sold, or transmitted over a period of time, and measured or calculated in megawatt hours.
- 1.11d Excess Congestion Rents:** Congestion revenues collected by the ISO that are in excess of its payment obligations to those parties with which it has such a financial obligation. Excess Congestion Rents may arise if Congestion occurs and if the Transfer Capability of the Transmission System is not exhausted by the set of TCCs and Grandfathered Rights that have been allocated at the completion of the Centralized TCC Auction.
- 1.11e Existing Transmission Agreement (“ETA”):** An agreement between two or more Transmission Owners, or between a Transmission Owner and another entity, as defined in this Tariff.
- 1.11f Existing Transmission Capacity for Native Load:** Transmission capacity identified on a Transmission Owner’s transmission system to serve the Native Load Customers of the current Transmission Owners (as of the filing date of the original ISO Tariff - January 31, 1997) for the purposes of allocating revenues from the sale of TCCs related to that capacity. This includes transmission capacity required: (1) to deliver the output from generating facilities located out of a Transmission Owner’s Transmission District; (2) to deliver power purchased under power supply contracts; and (3) to deliver power purchased under third party agreements (*i.e.*, Non-Utility Generators). Existing Transmission Capacity for Native Load is listed in Attachment L, Table 3, “Existing Transmission Capacity Reservations for Native Load Table.”

- 1.11g Exports:** Purchases from the LBMP Market where the Energy is delivered to an NYCA interconnection with another Control Area.
- 1.11h External:** An entity (e.g., Supplier, Transmission Customer) or facility (e.g., Generator, Interface) located outside the Control Area being referenced or between two or more Control Areas. Where a specific Control Area is not referenced, the NYCA is the intended reference.
- 1.11i External Transactions:** Purchases, sales or exchanges of Energy, Capacity or Ancillary Services for which either the Point of Injection (“POI”) or Point of Withdrawal (“POW”) or both are located outside the NYCA (i.e., Exports, Imports or Wheels Through).
- 1.11j Federal Power Act (“FPA”):** The Federal Power Act, as may be amended from time-to-time (See 16 U.S.C. §§ 796 et seq.)
- 1.12 Facilities Study:** An engineering study conducted by the ISO and/or a Transmission Owners to determine the required modifications to the Transmission Owner’s Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested facilities.
- 1.13 Firm Point-To-Point Transmission Service:** Transmission Service under this Tariff that is a schedule between specified Points of Receipt and Delivery pursuant to Part II of this Tariff. Firm Point-To-Point Transmission Service is service for which the Transmission Customer has agreed to pay the Congestion associated with its service. A Transmission Customer may fix the price of Congestion associated with its Firm Point-To-Point Transmission Service by acquiring sufficient TCCs with the same Points of Receipt and Delivery as its Transmission Service.
- 1.13a Firm Transmission Service:** Transmission Service requested by a Transmission Customer willing to pay Congestion Rent.
- 1.13b First Settlement:** The process of establishing binding financial commitments on the part of Customers participating in the Day-Ahead Market based on Day-Ahead LBMP.
- 1.13c Generator:** A facility capable of supplying Energy, Capacity and/or Ancillary Services that is accessible to the NYCA or the Energy, Capacity and/or Ancillary Services from such facilities.

- 1.13d Generator Classes:** The type of Generator (e.g., nuclear, gas turbine, fossil, hydro) which is used by the ISO to determine criteria that must be met for that Generator to qualify as a source of Installed Capacity.
- 1.14 Good Utility Practice:** Any of the practices, methods or acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods or acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to delineate acceptable practices, methods, or acts generally accepted in the region.
- 1.14a Government Bonds:** Tax-exempt bonds issued by the New York Power Authority pursuant to Section 103 and related provisions of the Internal Revenue Code. 26 U.S.C. § 103.
- 1.14b Grandfathered Rights:** The transmission rights associated with: (1) Modified Wheeling Agreements; (2) Transmission Facility Agreements with transmission wheeling provisions; (3) Third Party Transmission Wheeling Agreements (“TWA”) where the party entitled to exercise the transmission rights associated with such Agreements, has chosen, as provided for in the Tariff, to retain those rights rather than to convert them to TCCs; and (4) Existing Transmission Capacity for Native Load, Attachment L, Table 3. Upon the expiration or termination of Grandfathered Rights, the associated transmission capacity is converted to Residual Transmission Capacity.
- 1.14c Grandfathered TCCs:** The TCCs associated with: (1) Modified Wheeling Agreements; (2) Transmission Facility Agreements with transmission wheeling provisions; (3) Third Party TWAs where the party entitled to exercise the transmission rights associated with such agreements, has chosen, as provided for in the Tariff, to convert those rights to TCCs; and (4) Existing Transmission Capacity for Native Load, Table 3 on Attachment L.
- 1.14d Hour-Ahead Bid:** A Bid submitted at least ninety (90) minutes before the dispatch hour to which it applies.
- 1.14e Imports:** Transmission Service originating within another Control Area and wheeling into the NYCA.

- 1.14f Imputed Revenue:** The Congestion Rents that owners of Grandfathered Rights do not have to pay due to their own use of those Grandfathered Rights.
- 1.14g Inadvertent Energy Accounting:** The accounting performed to track and reconcile the difference between net actual Energy interchange and scheduled Energy interchange of a Control Area with adjacent Control Areas.
- 1.14h Incremental Bid:** A monotonically increasing Bid curve with a finite number of break points (currently six break points), that indicates an entity's willingness to supply Energy at certain prices to the ISO Administered LBMP Markets.
- 1.14i Incremental TCC:** A set of point-to-point Transmission Congestion Contract(s) allocated to the Transmission Customer or Transmission Owner that is paying for a Network Upgrade. Incremental TCCs are point-to-point TCCs that derive from the increase or decrease in Interface Total Transfer Capability resulting from the Network Upgrade.
- 1.14j Independent System Operator, Inc. ("ISO"):** The New York Independent System Operator, a not-for-profit corporation established pursuant to the ISO Agreement.
- 1.14k Independent System Operator Agreement ("ISO Agreement"):** The agreement that establishes the New York ISO.
- 1.14l Independent System Operator/New York State Reliability Council ("ISO/NYSRC Agreement"):** The agreement between the ISO and the New York State Reliability Council governing the relationship between the two organizations.
- 1.14m Independent System Operator/Transmission Owner Agreement ("ISO/TO Agreement"):** The agreement that establishes the terms and conditions under which the Transmission Owners transferred to the ISO Operational Control over designated transmission facilities.
- 1.14n Installed Capacity:** A Generator or Load facility that complies with the requirements in the Reliability Rules and is capable of supplying and/or reducing the demand for Energy in the NYCA for the purpose of ensuring that sufficient Energy and Capacity are available to meet the Reliability Rules. The Installed Capacity requirement, established by the NYSRC, includes a margin of reserve in accordance with the Reliability Rules.
- 1.14o Interconnection or Interconnection Points ("IP"):** The point(s) at which the

NYCA at which it connects with a distribution system or adjacent Control Area. The IP may be a single tie line or several tie lines that are operated in parallel.

- 1.14p Interface:** A defined set of transmission facilities that separate Load Zones and that separate the NYCA from adjacent Control Areas.
- 1.14q Interface MW - Mile Methodology:** The procedure used to allocate Residual TCCs, revenues from the sale of certain TCCs, and Excess Congestion Rents, between the Transmission Owners as described in Attachment N.
- 1.14r Internal:** An entity (e.g., Supplier, Transmission Customer) or facility (e.g., Generator, Interface) located within the Control Area being referenced. Where a specific Control Area is not referenced, internal means the NYCA.
- 1.14s Internal Transactions:** Purchases, sales or exchanges of Energy, Capacity or Ancillary Services where the Generator and Load are located within the NYCA.
- 1.14t Interruptible Load Resources:** A Load that is obligated under a contract to be interrupted when required by the ISO. Such a Load must demonstrate that it is capable of quantifiable reduction in consumption in response to the ISO's instructions.
- 1.15 Interruption:** A reduction in non-Firm Transmission service due to economic reasons pursuant to Section 14.7.
- 1.15a Investor-Owned Transmission Owners :** At the present time these include: Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation.
- 1.15b ISO Administered Markets:** The Day-Ahead Market and the Real-Time Market (collectively the LBMP Markets) and any other market administered by the ISO.
- 1.15c ISO Market Power Monitoring Program:** The monitoring program approved by the Commission and administered by the ISO designed to monitor the possible exercise of market power in ISO Administered Markets.
- 1.15d ISO OATT (the "Tariff"):** The ISO Open Access Transmission Tariff.

- 1.15e ISO Procedures:** The procedures adopted by the ISO in order to fulfill its responsibilities under the ISO OATT, the ISO Services Tariff and the ISO Related Agreements.
- 1.15f ISO Related Agreements:** Collectively, the ISO Agreement, the NYSRC Agreement, the ISO/NYSRC Agreement and the ISO/TO Agreement.
- 1.15g ISO Services Tariff:** The ISO Market Administration and Control Area Services Tariff.
- 1.15h ISO Tariffs:** The ISO OATT and the ISO Services Tariff, collectively.
- 1.15i LBMP Markets:** A term that collectively refers to both the Real-Time Market and the Day-Ahead Market.
- 1.15j LIPA Tax-Exempt Bonds:** Obligations of the Long Island Power Authority, the interest in which is not included in gross income under the Internal Revenue Code.
- 1.15k Load:** A term that refers to either a consumer of Energy or the amount of Energy (MWh) or demand (MW) consumed by certain consumers.
- 1.16 Load Ratio Share:** The ratio of an LSE's Load to Load within the NYCA during a specified time period.
- 1.16a Load Serving Entity ("LSE"):** An entity, including a municipal electric system and an electric cooperative, authorized or required by law, regulatory authorization or requirement, agreement, or contractual obligation to supply Energy, Capacity and/or Ancillary Services to retail customers located within the NYCA, including an entity that takes service directly from the ISO to supply its own load in the NYCA.
- 1.17 Load Shedding:** The systematic reduction of system demand by temporarily decreasing Load in response to Transmission System or area Capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.
- 1.17a Load Zone:** One (1) of eleven (11) geographical areas located within the NYCA that is bounded by one (1) or more of the fourteen (14) New York State Interfaces. During the implementation of the LBMP Markets, all Loads located within the same Load Zone pay the same Day-Ahead LBMP and the same Real-Time LBMP for Energy purchased in those markets.

- 1.17b Local Furnishing Bonds:** Tax-exempt bonds issued by a Transmissions Owner under an agreement between the Transmission Owner and the New York State Energy Research and Development Authority (“NYSERDA”), or its successor, or by a Transmission Owner itself, and pursuant to Section 142(f) of the Internal Revenue Code, 26 U.S.C. § 142(f).
- 1.17c Locality:** A single LBMP Load Zone or set of adjacent LBMP Load Zones within one Transmission District, and within which a minimum level of Installed Capacity must be maintained.
- 1.17d Local Reliability Rule:** A Reliability Rule established by a Transmission Owner and adopted by the NYSRC to meet specific reliability concerns in limited areas of the NYCA, including without limitation, special requirements and conditions that apply to nuclear plants and special requirements applicable to the New York City metropolitan area.
- 1.17e Locational Based Marginal Pricing (“LBMP”):** A pricing methodology under which the price of Energy at each location in the NYS Transmission System is equivalent to the cost to supply the next increment of Load at that location (*i.e.*, the short-run marginal cost). The short-run marginal cost takes Generation Bid Prices and the physical aspects of the NYS Transmission System into account. The short-run marginal cost also considers the impact of Out-of-Merit Generation (as measured by its Bid Price) resulting from the Congestion and Marginal Losses occurring on the NYS Transmission System which are associated with supplying an increment of Load. The term LBMP also means the price of Energy bought or sold in the LBMP Markets at a specific location.
- 1.17f Locational Installed Capacity Requirement:** A determination of the ISO of that portion of the state-wide Installed Capacity requirement that must be electrically located within a Locality in order to ensure that sufficient Energy and Capacity are available in that Locality and that appropriate reliability criteria are met.
- 1.18 Long-Term Firm Point-To-Point Transmission Service:** Firm Point-to-Point Service, the price of which is fixed for a long term by a Transmission Customer acquiring sufficient TCCs with the same Points of Receipt and Delivery as its Transmission Service.
- 1.18a Lost Opportunity Cost:** The foregone profit associated with the provision of Ancillary Services, which is equal to the product of: (1) the difference between (a) the Energy that a Generator could have sold at the specific LBMP and (b) the Energy

sold as a result of reducing the Generator's output to provide an Ancillary Service under the direction of the ISO; and (2) the LBMP existing at the time the Generator was instructed to provide the Ancillary Service, less the Generator's Energy bid for the same MW segment.

- 1.18b Major Emergency State:** An Emergency accompanied by abnormal frequency, abnormal voltage and/or equipment overloads that create a serious risk that the reliability of the NYS Power System could be adversely affected.
- 1.18c Manual Dispatch:** A dispatch of the NYS Transmission System performed by the ISO when the ISO's SCD is unavailable.
- 1.18d Marginal Losses:** The NYS Transmission System Real Power Losses associated with each additional MWh of consumption by Load, or each additional MWh transmitted under a Bilateral Transaction as measured at the Points of Withdrawal.
- 1.18e Marginal Losses Component:** The component of LBMP at a bus that accounts for the Marginal Losses, as measured between that bus and the Reference Bus.
- 1.18f Market Participant:** An entity, excluding the ISO, that produces, transmits, sells, and/or purchase for resale Capacity, Energy and Ancillary Services in the Wholesale Market. Market Participants include: Transmission Customers under the ISO OATT, Customers under the ISO Services Tariff, Power Exchanges, Transmission Owners, Primary Holders, LSEs, Suppliers and their designated agents. Market Participants also include entities buying or selling TCCs.
- 1.18g Market Services:** Services provided by the ISO under the ISO Services Tariff related to the ISO Administered Markets for Energy, Capacity and Ancillary Services.
- 1.18h Member Systems:** The eight Transmission Owners that comprise the membership of the New York Power Pool.
- 1.18i Minimum Generation and Start-Up Bid:** The payment required by a Supplier to bring a Generator to and operate at its minimum safe and stable operating level.
- 1.18j Modified Wheeling Agreements ("MWA"):**
A Transmission Agreement in existence, as amended, between Transmission Owners, that is associated with existing Generators or power supply contracts, that will be modified effective upon LBMP implementation. The terms and conditions of the MWA will remain the same as the original agreement, except as noted in the ISO

OATT.

- 1.19 Native Load Customers:** The wholesale and retail power customers of the Transmission Owners on whose behalf the Transmission Owners, by statute, franchise, regulatory requirement, or contract, have undertaken an obligation to construct and operate the Transmission Owners' systems to meet the reliable electric needs of such customers.
- 1.19a Native Load TCCs:** TCCs associated with Existing Transmission Capacity for Native Load.
- 1.19b NERC:** The North American Electric Reliability Council.
- 1.19c NERC Transaction Priorities:** The reservation and scheduling priority applied to a Transaction under the NERC Transmission Loading Relief Procedure.
- 1.20 Network Customer:** An entity receiving Transmission Service pursuant to the terms of the ISO's Network Integration Transmission Service under Part III of the Tariff.
- 1.21 Network Integration Transmission Service:** The Transmission Service provided under Part III of the Tariff.
- 1.22 Network Load:** The Load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all Load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total Load as Network Load but may not designate only part of the Load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular Load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated Load.
- 1.23 Network Operating Agreement:** An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff. For Eligible Customers that take service under the ISO Services Tariff, that Tariff shall function as their Network Operating Agreement.
- 1.24 Network Operating Committee:** The ISO Operating Committee will serve this

function.

- 1.25 Network Resource:** Any generating resource that provides Installed Capacity to the NYCA designated under the Network Integration Transmission Service provisions of the Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis.
- 1.26 Network Upgrades:** Modifications or additions to transmission facilities that are integrated with and support the Transmission Owner's overall Transmission System for the general benefit of all users of such Transmission System.
- 1.26a Network Upgrade Agreement:** An agreement entered into between a Transmission Customer and a Transmission Owner that identifies the rights and obligations of each party with respect to the Network Upgrade, as described in this Tariff.
- 1.26b New York Control Area ("NYCA"):** The Control Area that is under the control of the ISO which includes transmission facilities listed in the ISO/TO Agreement Appendices A-1 and A-2, as amended from time-to-time, and Generation located outside the NYS Power System that is subject to protocols (e.g., telemetry signal biasing) which allow the ISO and other Control Area operator(s) to treat some or all of that Generation as though it were part of the NYS Power System.
- 1.26c New York Power Pool ("NYPP"):** An organization established by agreement (the "New York Power Pool Agreement") made as of July 21, 1966, and amended as of July 16, 1991, by and among Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Long Island Lighting Company, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation, and the Power Authority of the State of New York. LIPA became a Member of the NYPP on May 28, 1998 as a result of the acquisition of the Long Island Lighting Company by the Long Island Power Authority.
- 1.26d New York State Power System ("NYS Power System"):** All facilities of the NYS Transmission System, and all those Generators located within the NYCA or outside the NYCA, some of which may from time-to-time be subject to operational control by the ISO.
- 1.26e New York State Reliability Council ("NYSRC"):** An organization established by agreement among the Member Systems of the New York Power Pool (the "NYSRC

Agreement”).

- 1.26f New York State Transmission System (“NYS Transmission System”):** The entire New York State electric transmission system, which includes: (1) the Transmission Facilities Under ISO Operational Control; (2) the Transmission Facilities Requiring ISO Notification; and (3) all remaining transmission facilities within the NYCA.
- 1.27 Non-Firm Point-To-Point Transmission Service:** Point-To-Point Transmission Service under the Tariff for which a Transmission Customer is not willing to pay Congestion. Such service is available absent Constraints under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for individual one-hour periods not to exceed twenty-four (24) consecutive hours.
- 1.27a Non-Utility Generator (“NUG,” “Independent Power Producer” or “IPP”):** Any entity that owns or operates an electric generating facility that is not included in an electric utility’s rate base. This term includes, but is not limited to, cogenerators and small power producers and all other non-utility electricity producers, such as exempt wholesale generators that sell electricity.
- 1.27b Normal State:** The condition that the NYS Power System is in when the Transmission Facilities Under ISO Operational Control are operated within the parameters listed for Normal State in the Reliability Rules. These parameters include, but are not limited to, thermal, voltage, stability, frequency, operating reserve and Pool Control Error limitations.
- 1.27c Notification:** Informing the ISO of all changes in status of the Transmission Facilities Requiring ISO Notification. Notification includes the Transmission Owners informing the ISO of all changes in the status of the designated transmission facilities.
- 1.27d Nuclear Regulatory Commission (“NRC”):** Nuclear Regulatory Commission, or any successor thereto.
- 1.27e NYPA:** The Power Authority of the State of New York.

- 1.27f NYPA Transmission Adjustment Charge (“NTAC”):** A surcharge on all Energy Transactions designed to recover the Annual Transmission Revenue Requirement of NYPA which cannot be recovered through its TSC, TCCs, or other transmission revenues, including, but not limited to, its ETA revenues. This charge will be assessed to all Load statewide, as well as Transmission Customers in Wheels Through and Exports.
- 1.27g Off-Dispatch:** A Dispatchable Generator or Load that is not capable of responding to computer-issued ISO instructions but is capable of responding to ISO orders relayed by telephone.
- 1.27h Off-Peak:** The hours between 11:00 p.m. and 7:00 a.m., prevailing Eastern Time, Monday through Friday, and all day Saturday and Sunday, and NERC-defined holidays, or as otherwise decided by ISO.
- 1.27i On-Dispatch:** A dispatchable Generator or Load that is capable of responding to computer-issued ISO instructions.
- 1.27j On-Peak:** The hours between 7:00 a.m. and 11:00 p.m. inclusive, prevailing Eastern Time, Monday through Friday, except for NERC-defined holidays, or as otherwise decided by the ISO.
- 1.28 Open Access Same-Time Information System (“OASIS”):** The information system and standards of conduct contained in Part 37 of the Commission’s regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.
- 1.28a Operating Capacity:** Capacity that is readily converted to Energy and is measured in MW.
- 1.28b Operating Committee:** A standing committee of the ISO created pursuant to the ISO Agreement, which coordinates operations, develops procedures, evaluates proposed system expansions and acts as a liaison to the NYSRC.
- 1.28c Operating Reserves:** Generator Capacity that is available to supply Energy, or Interruptible Load Resources that are available to Curtail Energy usage, in the event of Contingency conditions, which meet the requirements of the ISO. Operating Reserves include spinning reserves, non-synchronized 10-minute reserves, and thirty-minute reserves.

- 1.28d Operating Study Power Flow:** A Power Flow analysis that is performed at least once before each Capability Period that is used to determine each Interface Transfer Capability for the Capability Period (See Attachment M).
- 1.28e Operational Control:** Directing the operation of the Transmission Facilities Under ISO Operational Control to maintain these facilities in a reliable state, as defined by the Reliability Rules. The ISO shall approve operational decisions concerning these facilities, made by each Transmission Owner before the Transmission Owner implements those decisions. In accordance with ISO Procedures, the ISO shall direct each Transmission Owner to take certain actions to restore the system to the Normal State. Operational Control includes security monitoring, adjustment of generation and transmission resources, coordination and approval of changes in transmission status for maintenance, determination of changes in transmission status for reliability, coordination with other Control Areas, voltage reductions and Load Shedding, except that each Transmission Owner continues to physically operate and maintain its facilities.
- 1.28f Optimal Power Flow (“OPF”):** The Power Flow analysis that is performed during the administration of the Centralized TCC Auction to determine the most efficient simultaneously feasible allocation of TCCs to Bidders (See Attachment M).
- 1.28g Order Nos. 888 et seq.:** The Final Rule entitled Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities, issued by the Commission on April 24, 1996, in Docket Nos. RM95-8-000 and RM94-7-001, as modified on rehearing, or upon appeal. (See FERC Stats. & Regs. [Regs. Preambles 1991-1996] ¶ 31,036 (1996) (“Order No. 888”), on reh’g, III FERC Stats. & Regs. ¶ 31,048 (1997) (“Order No. 888-A”), on reh’g, 81 FERC ¶ 61,248 (1997) (“Order No. 888-B”) (Order on reh’g 82 FERC ¶ 61,046 (1998) (“Order No. 888-C”).
- 1.28h Order Nos. 889 et seq.:** The Final Rule entitled Open Access Same-Time Information System (formerly Real-Time Information Networks) and Standards of Conduct, issued by the Commission on April 24, 1996, in Docket No. RM95-9-000, as modified on rehearing, or upon appeal. (See FERC Stats. & Regs. [Regs. Preambles 1991-1996] ¶ 31,035 (1996) (“Order No. 889”), on reh’g, III FERC Stats. & Regs. ¶ 31,049 (1997) (“Order No. 889-A”), on reh’g, 81 FERC ¶ 61,253 (1997) (“Order No. 889-B”).
- 1.28i Out-of-Merit Generation:** Generators producing at a different level of output than

they would produce in a dispatch to meet Load which was not security constrained. Out-of-Merit Generation occurs to maintain system reliability or to provide Ancillary Services.

- 1.29 Part I:** Tariff Sections 1A through 12 pertaining to Definitions and Common Service Provisions.
- 1.30 Part II:** Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.
- 1.31 Part III:** Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.
- 1.31a Part IV:** Tariff Sections 36 through 37 pertaining to Retail Access Service.
- 1.32 Party or Parties:** The ISO and the Transmission Customer receiving service under the Tariff.
- 1.32a Performance Tracking System:** A system designed to provide quantitative comparisons of actual values versus expected and forecasted values for Generators and Loads (See Rate Schedule 3 of the ISO Services Tariff). This system will be used by the ISO to measure compliance with criteria associated with the provision of Regulation and Frequency Response Service.
- 1.33 Point(s) of Delivery:** Point(s) on the NYS Transmission System where Capacity and Energy transmitted by the ISO will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Firm Point-To-Point Transmission Service. (Same as Point of Withdrawal.)
- 1.33a Point(s) of Injection (“POI”):** The point(s) on the NYS Transmission System where Energy, Capacity and Ancillary Services will be made available to the ISO by the Delivering Party under the ISO OATT or the ISO Services Tariff. The Point(s) of Injection shall be specified in the Service Agreement. (Same as Point of Receipt.)
- 1.34 Point(s) of Receipt:** Point(s) of interconnection on the NYS Transmission System where Capacity and Energy will be made available to the ISO by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service

Agreement for Firm Point-To-Point Transmission Service. (Same as Point of Injection.)

- 1.34a Point(s) of Withdrawal (“POW”):** The point(s) on the NYS Transmission System where Energy, Capacity and Ancillary Services will be made available to the Receiving Party under the ISO OATT or the ISO Services Tariff. The Point(s) of Withdrawal shall be specified in the Service Agreement. (Same as Point of Delivery).
- 1.35 Point-to-Point Transmission Service:** The reservation and transmission of Capacity and Energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.
- 1.35a Pool Control Error (“PCE”):** The difference between the actual and scheduled interchange with other Control Areas, adjusted for frequency bias.
- 1.35b Post Contingency:** Conditions existing on a system immediately following a Contingency.
- 1.35c Power Exchange (“PE”):** A commercial entity meeting the requirements for service under the ISO OATT or the ISO Services Tariff that facilitates the purchase and/or sale of Energy, Capacity and/or Ancillary Services in the New York Wholesale Market. A PE may transact with the ISO on its own behalf or as an agent for others.
- 1.35d Power Factor:** The ratio of real power to apparent power (the product of volts and amperes, expressed in megavolt-amperes, MVA).
- 1.35e Power Factor Criteria:** Criteria to be established by the ISO to monitor a Load’s use of Reactive Power.
- 1.35f Power Flow:** A simulation which determines the Energy flows on the NYS Transmission System and adjacent transmission systems.
- 1.35g Proxy Generator Bus:** A Generator bus located outside the NYCA that is selected by the ISO to represent a typical bus in an adjacent Control Area and for which LBMP prices are calculated.
- 1.35h PSC:** The Public Service Commission of the State of New York or any successor agency thereto.
- 1.35i PSL:** The New York Public Service Law, N.Y. Pub. Serv. Law § 1 et seq.

(McKinney 1989 & Supp. 1997-98).

- 1.36 Power Purchaser:** The entity that is purchasing the Capacity and Energy to be transmitted under the Tariff.
- 1.36a Primary Holder:** A Primary Holder of each TCC is the Primary Owner of that TCC or the party that purchased that TCC at the close of the Centralized TCC Auction. With respect to each TCC, a Primary Holder must be: (1) a Transmission Customer that has purchased the TCC in the Centralized TCC Auction, and that has not resold in that same Auction; (2) a Transmission Customer that has purchased the TCC in a Direct Sale with another Direct Customer; (3) the Primary Owner who has retained the TCC and did not sell it through the Auction; (4) Primary Owners of the TCC that allocated the TCC to certain customers or sold it in the Secondary Market or sold through a Direct Sale to an entity other than a Transmission Customer. The ISO settles Congestion Rents pursuant to Attachments M and N with the Primary Owner of each TCC.
- 1.36b Primary Owner:** The Primary Owner of each TCC is the Transmission Owner or other Transmission Customer that has acquired the TCC through conversion of rights under an Existing Transmission Agreement to Grandfathered TCCs (in accordance with Attachment K) or the Transmission Owner that acquired the TCC through the ISO's allocation of Residual TCCs (in accordance with Attachments K and M). The ISO distributes Centralized TCC Auction revenues to Primary Owners (in accordance with Attachments K and M).
- 1.36c Reactive Power (MVar):** The product of voltage and the out-of-phase component of alternating current. Reactive Power, usually measured in MVar, is produced by capacitors (synchronous condensers) and over-excited Generators and absorbed by reactors or under-excited Generators and other inductive devices including the inductive portion of Loads.
- 1.36d Real Power Losses:** The loss of Energy, resulting from transporting power over the NYS Transmission System, between the Point of Injection and Point of Withdrawal of that Energy.

- 1.36e Real-Time LBMP:** The LBMPs established through the ISO Administered Real-Time Market.
- 1.36f Real-Time Market:** The ISO Administered Market resulting from the operation of the Security Constrained Dispatch (“SCD”).
- 1.37 Receiving Party:** The entity receiving the Capacity and Energy transmitted by the ISO to Point(s) of Delivery.
- 1.37a Reduction or Reduce:** The partial or complete reduction in non-Firm Transmission Service as a result of transmission Congestion (either anticipated or actual).
- 1.37b Reference Bus:** The location on the NYS Transmission System relative to which all mathematical quantities, including Shift Factors and penalty factors relating to physical operation, will be calculated. The NYPA Marcy 345 kV transmission substation is designated as the Reference Bus.
- 1.38 Regional Transmission Group (RTG):** A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.
- 1.38a Reliability Rules:** Those rules, standards, procedures and protocols developed and promulgated by the NYSRC, including Local Reliability Rules, in accordance with NERC, NPCC, FERC, PSC and NRC standards, rules and regulations, and other criteria and pursuant to the NYSRC Agreement.
- 1.38b Required System Capability:** Generation capability required to meet an LSE’s peak Load plus Installed Capacity reserve obligation as defined in the Reliability Rules.
- 1.39 Reserved Capacity:** The maximum amount of Capacity and Energy that the ISO agrees to transmit for the Transmission Customer over the NYS Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.
- 1.39a Residual Adjustment:** The ISO’s collections from Loads and Transmission Customers, less its payment to generating facilities, less Congestion Rents and Excess Congestion Rents, and Primary Holders of TCCs as defined in Schedule 1.

1.39b Residual Transmission Capacity (“RTC”): The transmission capacity determined by the ISO before, during and after the Centralized TCC Auction which is conceptually equal to the following:

$$RTC = TTC - TRM - CBM - GTR - GTCC - ETCNL$$

RTC is Residual Transmission Capacity. The TCCs associated with RTC cannot be accurately determined until the Centralized TCC Auction is conducted.

TTC is the Total Transfer Capability that can only be determined after the RTC is known.

GTR is the transmission capacity associated with Grandfathered Rights.

GTCC is the transmission capacity associated with Grandfathered TCCs.

ETCNL is the transmission capacity associated with Existing Transmission Capacity for Native Load.

TRM is the Transmission Reliability Margin.

CBM is the Capacity Benefit Margin.

1.39c Residual TCCs: TCCs converted from RTC, each designated from a Point of Injection to a Point of Withdrawal. Residual TCCs are: (1) estimated prior to the Centralized TCC Auction, and allocated among the Transmission Owners utilizing the Interface MW-Mile Methodology; (2) determined during the Centralized TCC Auction that are in addition to the amount estimated before the Auction, and are not allocated but are offered for sale in the Auction; and (3) determined after each Grandfathered TCC and Grandfathered Right expire and the associated capacity is released to the ISO for sale and are not allocated but are offered for sale in the Auction. The Auction revenues and Excess Congestion Rent revenues associated with Residual TCCs that are not allocated to Transmission Owners by the ISO shall be allocated utilizing the Interface MW-Mile Methodology (See Attachments M and N).

1.39d Safe Operations: Actions which avoid placing personnel and equipment in peril with regard to the safety of life and equipment damage.

1.39e SCUC: Security Constrained Unit Commitment, described in Attachment C of the Tariff.

1.39f Second Contingency Design and Operation: The planning, design and operation of a power system such that the loss of any two (2) facilities will not result in a service interruption to either native load customers or contracted firm Transmission Customers. Second Contingency Design and Operation criteria do not include the simultaneous loss of two (2) facilities, but rather consider the loss of one (1) facility and the restoration of the system to within acceptable operating parameters, prior to

the loss of a second facility. These criteria apply to thermal, voltage and stability limits and are generally equal to or more stringent than NYPP, NPCC and NERC criteria.

- 1.39g Second Settlement:** The process of: (1) identifying differences between Energy production, Energy consumption or NYS Transmission System usage scheduled in a First Settlement, and the actual production, consumption, or NYS Transmission System usage during the Dispatch Day; and (2) assigning financial responsibility for those differences to the appropriate Customers and Market Participants. Charges for Energy supplied (to replace Generation deficiencies or unscheduled consumption), and payments for Energy consumed (to absorb consumption deficiencies or excess Energy supply) or changes in transmission usage will be based on the Real-Time LBMPs.
- 1.39h Secondary Holder:** Entities that: (1) purchase TCCs in the Secondary Market; (2) purchase TCCs in a Direct Sale from a Transmission Owner and have not been certified as a Primary Holder by the ISO; or (3) receive an allocation of Native Load TCCs from a Transmission Owner (See Attachment M). A Transmission Customer purchasing TCCs in a Direct Sale may qualify as a Primary Holder with respect to those TCCs purchased in that Direct Sale.
- 1.39i Secondary Market:** A market in which Primary and Secondary Holders sell TCCs by mechanisms other than through the Centralized TCC Auction or by Direct Sale. Buyers of TCCs in the Secondary Market shall neither pay nor receive Congestion Rents directly to or from the ISO.
- 1.39j Security Constrained Dispatch (“SCD”):** The allocation of Load to Generators by the ISO through the operation of a computer algorithm which continuously calculates individual Generator loading at minimum Bid cost, balancing Load and scheduled interchange with Generation while meeting all Reliability Rules and Generator performance Constraints consistent with the terms of the ISO Services Tariff.
- 1.39k Security Coordinator:** An entity that provides the security assessment and Emergency operations coordination for a group of Control Areas. A Security Coordinator must not participate in the wholesale or retail merchant functions.
- 1.39l Self-Supply:** The provision of certain Ancillary Services, or the provision of Energy to replace Marginal Losses by a Transmission Customer using either the Transmission Customer’s own Generators or generation obtained from an entity other than the ISO.

- 1.40 Service Agreement:** The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the ISO for service under the Tariff or any unexecuted Service Agreement, amendments on supplements thereto, that the ISO unilaterally files with the Commission.
- 1.41 Service Commencement Date:** The date the ISO begins to provide service pursuant to the terms of an executed Service Agreement, or the date the ISO begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.
- 1.41a Settlement:** The process of determining the charges to be paid to, or by a Transmission Customer to satisfy its obligations
- 1.41b Shift Factor (“SF”):** A ratio, calculated by the ISO, that compares the change in power flow through a transmission facility resulting from the incremental injection and withdrawal of power on the NYS Transmission System.
- 1.42 Short-Term Firm Point-To-Point Transmission Service:** Firm Point-to-Point Service, the price of which is fixed for a short term by a Transmission Customer acquiring sufficient TCCs with the same Points of Receipt and Delivery as its Transmission Service.
- 1.42a Storm Watch:** Actual or anticipated severe weather conditions under which region-specific portions of the NYS Transmission System are operated in a more conservative manner by reducing transmission transfer limits.
- 1.42b Strandable Costs:** Prudent and verifiable expenditures and commitments made pursuant to a Transmission Owner’s legal obligations that are currently recovered in the Transmission Owner’s retail or wholesale rate that could become unrecoverable as a result of a restructuring of the electric utility industry and/or electricity market, or as a result of retail-turned-wholesale customers, or customers switching generation or transmission service suppliers.
- 1.42c Stranded Investment Recovery Charge (“SIRC”):** A charge established by a Transmission Owner to recover Strandable Costs.
- 1.42d Supplier:** A Party that is supplying the Capacity, Energy and/or associated Ancillary Services to be made available under the ISO OATT or the ISO Services Tariff, including Generators and Demand Side Resources that satisfy all applicable ISO requirements.

- 1.42e Supplemental Resource Evaluation (“SRE”):** A determination of the least cost selection of additional Generators, which are to be committed loaded, to meet changed conditions that may cause the original system dispatch to be inadequate to meet Load and/or reliability requirements.
- 1.43 System Impact Study:** An assessment by the ISO of (i) the adequacy of the NYS Transmission System to accommodate a request to build facilities in order to create incremental transfer capability, resulting in incremental TCCs, in connection with a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service; and (ii) the additional costs to be incurred in order to provide the incremental transfer capability.
- 1.44 Third Party Sale:** Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.
- 1.44a Third Party Transmission Wheeling Agreements (“Third Party TWA’s):** A Transmission Wheeling Agreement, as amended, between Transmission Owner or between a Transmission Owner and an entity that is not a Transmission Owner associated with the purchase (or sale) of Energy, Capacity, and/or Ancillary Services for the benefit of an entity that is not a Transmission Owner. These agreements are listed in Attachment L, Table 1A and 1B.
- 1.44b Total Transfer Capability (“TTC”):** The amount of electric power that can be transferred over the interconnected transmission network in a reliable manner.
- 1.44c Transaction:** The purchase and/or sale of Energy or Capacity, or the sale of Ancillary Services.
- 1.44d Transfer Capability:** The measure of the ability of interconnected electrical systems to reliably move or transfer power from one area to another over all transmission facilities (or paths) between those areas under specified system conditions.
- 1.44e Transmission Congestion Contracts (“TCCs”):** The right to collect or obligation to pay Congestion Rents associated with a single MW of transmission between a specified POI and POW. TCCs are financial instruments that enable Energy buyers and sellers to hedge fluctuations in the price of transmission.
- 1.45 Transmission Customer:** Any Eligible Customer (or its designated agent) that (i) executes a Service Agreement, or (ii) requests in writing that the ISO file with the

Commission a proposed unexecuted Service Agreement to receive Transmission Service under Part II, III and/or IV of the Tariff.

- 1.45a Transmission District:** The geographic area served by the Investor-Owned Transmission Owners and LIPA, as well as the customers directly interconnected with the transmission facilities of the Power Authority of the State of New York.
- 1.45b Transmission Facility Agreement:** The agreements listed in Attachment L, Table 2 of the ISO OATT governing the use of specific or designated transmission facilities charges all, or a portion, of the costs to install, own, operate, or maintain said transmission facilities, to the customer under the agreement. These agreements may or may not have provisions to provide Transmission Service utilizing said transmission facilities.
- 1.45c Transmission Facilities Under ISO Operational Control:** The transmission facilities of the Transmission Owners listed in Appendix A-1 of the ISO/TO Agreement, (“Listing of Transmission Facilities Under ISO Operational Control,”) that are subject to the Operational Control of the ISO. This listing may be amended from time-to-time as specified in the ISO/TO Agreement.
- 1.45d Transmission Facilities Requiring ISO Notification:** The transmission facilities of the Transmission Owners listed in Appendix A-2 of the ISO/TO Agreement, “Listing of Transmission Facilities Requiring ISO Notification,” whose status of operation must be provided to the ISO by the Transmission Owners (for the purposes stated in the ISO Tariffs and in accordance with the ISO OATT and ISO/TO Agreement) prior to the Transmission Owners making operational changes to the state of these facilities. This listing may be amended from time-to-time as specified in the ISO/TO Agreement.
- 1.45e Transmission Fund:** The mechanism used under the current NYPP Agreement to compensate the Member Systems for providing Transmission Service for economy Energy Transactions over their transmission systems. Each Member System is allocated a share of the economy Energy savings in dollars assigned to the fund that is based on the ratio of their investment in transmission facilities to the sum of investments in transmission and generation facilities.
- 1.46 Transmission Owner:** The public utility or authority (or its designated agent) that owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Tariff.
- 1.47 Transmission Owner’s Monthly Transmission System Peak:** The maximum

hourly firm usage as measured in megawatts (MW) of the Transmission Owner's transmission system in a calendar month.

- 1.47a Transmission Plan:** A plan developed by the ISO staff with Transmission Owner's support that is a compilation of transmission projects proposed by the Transmission Owners and others, that are found to meet all applicable criteria.
- 1.47b Transmission Reliability Margin ("TRM"):** The amount of TTC reserved by the ISO to ensure the interconnected transmission network is secure under a reasonable range of uncertainties in system conditions.
- 1.48 Transmission Service:** Point-To-Point Network Integration or Retail Access Transmission Service provided under Parts II, III and IV of the Tariff.
- 1.48a Transmission Service Charge ("TSC"):** A charge designed to ensure recovery of the embedded cost of a Transmission Owner's transmission system.
- 1.49 Transmission System:** The facilities operated by the ISO that are used to provide Transmission Services under Part II, Part III or Part IV of this Tariff.
- 1.49a Transmission Usage Charge ("TUC"):** Payments made by the Transmission Customer to cover the cost of Marginal Losses and, during periods of time when the transmission system is Constrained, the marginal cost of Congestion. The TUC is equal to the product of: (1) the LBMP at the POW minus the LBMP at the POI (in \$/MWh); and (2) the scheduled or delivered Energy (in MWh).
- 1.49b Transmission Wheeling Agreement ("TWA"):** The agreements listed in Tables 1A and 1B of Attachment L to the ISO OATT governing the use of specific or designated transmission facilities that are owned, controlled or operated by an entity for the transmission of Energy in interstate commerce.
- 1.49c Voting Share:** The method used in the ISO Agreement to allocate voting rights among the members of the Management Committee. The formula for calculating a Party's Voting Share is provided in the ISO Agreement.
- 1.49d Wheels Through:** Transmission Service, originating in another Control Area, that is wheeled through the NYCA to another Control Area.
- 1.49e Wholesale Market:** The sum of purchases and sales of Energy and Capacity for resale along with Ancillary Services needed to maintain reliability and power quality

at the transmission level coordinated together through the ISO and Power Exchanges. A party who purchases Energy, Capacity or Ancillary Services in the Wholesale Market to serve its own Load is considered to be a participant in the Wholesale Market.

1A.0 TERM AND EFFECTIVENESS

1A.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 (collectively, the “ISO Tariffs and ISO Related Agreements”); (iii) the date on which both the Commission and the PSC grant all necessary approvals to the Transmission Owners 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; or (vi) such later date specified by the Commission.

1A.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

Effective: September 1, 1999

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.

2.0 Initial Allocation and Renewal Procedures

2.1 Initial Allocation of Available Transmission 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”) 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”), Balancing Market Evaluation (“BME”), and Security Constrained Dispatch (“SCD”) programs in accordance with Attachment C. The availability of TCCs will be determined in the TCC Auction as described in Attachment M.

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 the contract terms, all NYS Transmission System capacity associated with Grandfathered Rights and/or TCCs shall be offered for sale as TCCs in the next TCC auction facilitated by the ISO. The sale of these TCCs shall be governed by the provisions of Attachment M.

3.0 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 is required to provide, and the Transmission Customer is required to purchase, the following Ancillary Services: (i) Scheduling, System Control and Dispatch, (ii) Reactive Supply and Voltage Control from Generation Sources, (iii) Energy Imbalance and (iv) Black Start Service.

The ISO is required to offer to provide the following Ancillary Services only to the Transmission Customers serving Load within the NYCA: (i) Regulation and Frequency Response, and (ii) Operating Reserves. The Transmission Customer serving Load within the NYCA is required to acquire these Ancillary Services, whether from the ISO, a third party, or by Self-Supply pursuant to Schedules 3 and 5. The Transmission Customer may not decline the ISO's offer of Ancillary

Services unless it demonstrates that it has acquired the Ancillary Services from another source. The Transmission Customer must list in its Application which Ancillary Services it will purchase from the ISO.

The ISO shall specify the rate treatment and all related terms and conditions in the event of an unauthorized use of Ancillary Services by the Transmission Customer.

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 3.1 through 3.6 below list the six Ancillary Services.

- 3.1 Scheduling, System Control and Dispatch Service:** The rates and/or methodology are described in Schedule 1.
- 3.2 Reactive Supply and Voltage Control from Generation Sources Service:** The rates and/or methodology are described in Schedule 2.
- 3.3 Regulation and Frequency Response Service:** The rates and/or methodology are described in Schedule 3.
- 3.4 Energy Imbalance Service:** The rates and/or methodology are described in Schedule 4.
- 3.5 Operating Reserve Service:** The rates and/or methodology are described in Schedule 5.
- 3.6 ISO Black Start Capability:** The rates and/or methodology are described in Schedule 6.

4.0 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”). The ISO will maintain an OASIS, including a Bid/Post System, for purposes of scheduling Transmission Service.

5.0 Local Furnishing Bonds and Other Tax Exempt Financing

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.

5.1A 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.

5.2 Alternative Procedures for Requesting Transmission Service:

(i) If the Transmission Owner 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.

- (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.

5.2A 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").

Effective: September 1, 1999

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.

5.2B 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.

5.2C 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.

5.2D Use of LIPA's Facilities: Except for Transmission Service on the Northport-Norwalk intertie, all parties seeking Transmission Service into and out of the Long Island Transmission District shall obtain pre-approval from LIPA before scheduling such Transactions with and through the ISO. LIPA will be the only party authorized to submit schedules to the ISO for transmission on the Northport-Norwalk intertie. LIPA shall electronically certify to the ISO pre-approved customers and Transactions. The ISO shall schedule all such pre-approved Transactions. If a Customer is not pre-approved and submits a schedule for such a transaction to the ISO, the ISO shall reject the schedule and advise the Customer that it must obtain LIPA approval. The ISO also shall adopt procedures for the Long Island Transmission District (which implement the provisions of this Section and Section 11.02 of the ISO Agreement) which the ISO shall implement on a nondiscriminatory basis.

6.0 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 is a member of a power pool or Regional Transmission Group also agrees to provide comparable transmission service to the members of such power pool and Regional Transmission

Group 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.

7.0 BILLING AND PAYMENT

7A.0 ISO Clearing Account

The ISO will provide accurate and verifiable Settlement and billing information to Transmission Customers. The ISO will establish an account (the ISO Clearing Account), and Transmission Customers will be directed to make payments into the ISO Clearing Account according to the Settlement information provided by the ISO. The ISO will make payments through the ISO Clearing Account to all entities owed money in accordance with the ISO OATT and the ISO Services Tariff.

Effective: September 1, 1999

The ISO Clearing Account established herein shall be opened and operated by the ISO as trustee in trust for ISO creditors and ISO debtors in accordance with this Tariff. The account shall be maintained at a bank or other financial institution in New York as a trust account. Such account shall not be commingled with any other ISO accounts. The ISO will not take title to Energy, Capacity, Ancillary Services or TCCs.

The ISO will inform each Transmission Customer or Primary Holder that purchases Transmission Services or Ancillary Services, or holds TCCs, in accordance with this Tariff, of the payments due according to the Day-Ahead and Real-Time Settlements. The payments due from the Transmission Customer or Primary Holder to the ISO for each service will be netted against the corresponding amounts due to the Transmission Customer for generating Energy and providing Capacity and Ancillary Services under the provisions of the ISO Services Tariff and amounts due to Primary Holders. A Transmission Customer owing payments on net will make those payments to the ISO Clearing Account on the payment date. A Transmission Customer owed payments on net will receive payments from the ISO Clearing Account on the payment date. Residual collections remaining in this account will consist of Excess Congestion Rents and residual losses. Excess Congestion Rents will be paid out of this account to the Transmission Owners in accordance with Attachment N. Residual losses will be calculated and applied in accordance with Attachment J and will be applied to offset Scheduling, System Control and Dispatch Service costs (See Schedule 1). Excess revenues from Energy Imbalance penalties will be calculated and applied in accordance with Schedule 4 and will be applied as an offset to Scheduling, Control and Dispatch Service costs.

Effective: September 1, 1999

7B.0 Billing and Charges

This Section 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.

7B.1 Transmission Service Charge - General Applicability: The TSC charge is applied to all Actual Energy Withdrawals from the NYS Power System under Part II or Part III 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).

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 II or Part III 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.

Effective: September 1, 1999

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.

- (i) **Payable to Transmission Owners:** The TSC will be payable to Transmission Owners, in the manner described below in the remainder of Section 7B.1.
- (ii) **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 IV of this Tariff. The TSC is payable under Part IV (Retail Access Service) regardless of whether the LSE takes service under Part II (Point-to-Point Service) or Part III (Network Integration Service) of this Tariff.
- (iii) **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 II or Part III 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.

- (iv) **Payable by Eligible Customers Scheduling Export or Wheel-Through Transactions:** Eligible Customers scheduling Transactions to destinations outside the NYCA (Export or Wheel-Through Transactions) are subject to a TSC as calculated in Attachment H. The ISO will perform the requisite calculation and inform the Transmission Customer the applicable Transmission Owner(s) of the TSC charge. The TSC will be payable by the Transmission Customer directly to the Transmission Owner(s).

7B.2 Transmission Usage Charge (TUC)

- (i) **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.
- (ii) **Payable by Eligible Customers Scheduling Transmission Service:** All Transmission Customers scheduling Transmission Service under Part II or Part III of this Tariff shall pay the applicable TUC charge as calculated in the Attachment J hereto. Eligible Customers scheduling non-firm transactions under Part II will be subject to the Losses Component of the TUC only except as noted in Section 14.7 of this Tariff.
- (iii) **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.

- (iv) **Payable by Eligible Customers or Transmission Owners Scheduling Direct LBMP Purchases from the LBMP Market:** Any Transmission Customer, or Transmission Owner purchasing from the LBMP Market to supply bundled retail customers, 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.

7B.3 Ancillary Services

- (i) **Payable to the ISO:** All Ancillary Services charges are payable directly to the ISO.
- (ii) **Payable by LSEs:** All LSEs scheduling Transmission Service under Part II or Part III 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.

- (iii) **Payable by Customers Scheduling External Transactions:** Eligible 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.
- (iv) **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.

7B.4 NYPA Transmission Adjustment Charge (NTAC)

- (i) **Payable to the ISO:** NTAC charges are calculated in Attachment H. All NTAC charges are payable to the ISO.
- (ii) **Payable by LSEs Serving Non-Retail Access Load in NYCA:** LSEs serving Load in the NYCA that is not part of a retail access program, such as municipal electric systems, shall pay an NTAC to the ISO. The NTAC will be based on all Actual Energy Withdrawals of Energy by the Load on whose

behalf the LSE acts as scheduling agent, regardless of whether the transmission service was rendered on the Load's behalf by the LSE or by another Transmission Customer.

- (iii) **Payable by Eligible Customers Scheduling Export or Wheel-Through Transactions:** Eligible Customers scheduling Export or Wheel-Through Transactions shall pay an NTAC based on their Transaction schedules.
- (iv) **Payable by Transmission Owners Servicing Bundled Retail Load:** Each Transmission Owner except NYPA shall pay an NTAC based on the sum of Actual Energy Withdrawals by bundled retail customers on whose behalf the Transmission Owner schedules Transactions under this Tariff.
- (v) **Payable by LSEs Serving Retail Access Load:** LSEs serving retail access Load will be charged an NTAC consistent with each Transmission Owner's retail access program.

7.1 Billing Procedures: The ISO shall issue bills and Settlement information in accordance with this Article and with the provisions of Section 7B of this Tariff, and customers shall make payments pursuant to those bills and Settlement statements, provided that billing with respect to customers participating in retail access programs shall be in accordance with Part IV of this Tariff.

- (i) **Invoices and Settlement:** Settlement and billing procedures for payments of the TSC by retail access customers or LSEs serving retail access customers

in accordance with Part IV of this Tariff shall be separately issued, paid and collected in accordance with Part IV of this Tariff. 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 in accordance with Part IV of this Tariff. Settlement and billing procedures for all charges other than TSCs shall be as set forth in this Section. Within a reasonable time after the first day of each month, the ISO shall submit an invoice to the Transmission Customer for the net amount owed by the Transmission Customer for each of the services furnished under this Tariff during the preceding month. Such invoices shall also show the net amount owed to the Transmission Customer by type of service. The ISO shall provide each Transmission Owner with information to facilitate TSC billing. Charges may be based in whole or in part on estimates. Any charges based on estimates shall be subject to true-up, including interest calculated from the first due date after the service was rendered in accordance with Section 7.2, in invoices subsequently issued by the ISO after the ISO has obtained the requisite actual information. The ISO may net any overpayment, including interest calculated from the date the overpayment was made in accordance with Section 7.2, by the Transmission Customer for past estimated charges

Effective: September 1, 1999

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.

- (ii) **Payment by the Customer:** Invoices shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made by wire transfer in immediately available funds payable to the ISO as trustee of the ISO Clearing Account.
- (iii) **Payments by the ISO:** The ISO shall pay all net monies owed to a Transmission Customer within twenty (20) days of the date of the invoice. All payments shall be made by wire transfer in immediately available funds payable to the Transmission Customer by the ISO as trustee of the ISO Clearing Account.
- (iv) **Verification of Payments:** The ISO shall institute procedures to verify that all payments owed by Transmission Customers to the ISO Clearing Account have been paid in a timely manner. The ISO shall be responsible for ensuring that such payments are made within the prescribed period of time and for instituting collection procedures to collect those monies that have not been timely paid. The ISO shall also institute procedures to ensure that monies owed to Transmission Customers are paid in a timely manner, and the ISO shall be responsible for ensuring that such payments are made.

7.2 Interest on Unpaid Balances: Interest on any unpaid amount whether owed to a customer or to the ISO as trustee of the ISO Clearing Account (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 delinquent 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 by the ISO.

If the ISO is unable to provide Settlement information on time due to the actions or inactions of, or caused by, 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 month following the month in which charges are accrued, to the time of payment of those charges.

7.2A Billing Disputes: Settlement information shall be subject to correction or adjustment for errors in arithmetic, computation or estimation, within twenty-four (24) months from the month in which service is rendered.

A Transmission Customer's right to challenge the accuracy of Settlement information is limited to twenty-four (24) months from the month in which the Settlement information is received. If a Transmission Customer wishes to challenge Settlement information for accuracy, the Transmission Customer shall first make

payment in full, including any amounts in dispute. If the ISO determines that an overpayment has been made by the Transmission Customer, the ISO shall refund that overpayment, including interest calculated from the date the overpayment was made, in accordance with Section 7.2 to the Transmission Customer.

7.3 Customer Default: In the event the Transmission Customer fails for any reason to make payment to the ISO on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the ISO notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, the ISO may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission approves such request. In addition, in the event of a default, the ISO may elect to institute debt collection procedures on behalf of the ISO Clearing Account. 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 (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two (2) requirements for continuation of service, then the ISO may provide notice to the Transmission Customer of its intention to suspend service on sixty (60) days prior notice.

7.3A 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 Investment Recovery Charge ("SIRC") rate schedule under this Tariff, subject to refund as may be required by the Commission. The ISO shall collect such SIRC from Network Service Customers and remit the collected amounts to the applicable Transmission Owner(s). Any SIRC rate schedule developed by LIPA under this Tariff will be effective upon receipt by the ISO, subject to any applicable laws and orders.

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

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

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 II of this Tariff.

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.

9.0 Regulatory Filings

Subject to Section 9A, 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.

Effective: September 1, 1999

Subject to Section 9A, 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.

9A.0 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.

10.0 Force Majeure and Indemnification

10.1 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.

10.2 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 negligence or intentional wrongdoing by the ISO or the Transmission Owner.

10A.0 Back-up Operation

10A.1 Back-up Operation Procedures: The ISO shall develop Back-up Operation procedures that will carry out the intent and purposes of this Tariff to the extent practical, taking into consideration 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, Transmission Owner staff, and Market Participants. If communication or computer

systems malfunctions result in the ISO's inability to operate the NYCA in accordance with the ISO's Procedures or under approved testing procedures, the ISO will direct the Transmission Owners to assume the responsibility to operate their respective systems in accordance with Good Utility Practice to facilitate the operation of the NYCA in a safe and reliable manner ("Back-up Operation"). The Transmission Owners will continue to operate their respective systems 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. Normal Day-Ahead Market and Real-Time Market operations may be halted if required.

10A.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.

10A.3 Billing and Settlement: In the event that Back-up Operation is implemented, the billing and Settlement procedures contained in this Tariff shall apply only to the extent they can be implemented by the Back-up Operation procedures. The ISO will follow specific billing and Settlement procedures developed by the ISO for use under these circumstances. 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 Section 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 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.

10B.0 Emergency Notification

The ISO shall notify the Commission and the PSC when an Emergency State exists.

11.0 Creditworthiness

For the purpose of determining the ability of the Transmission Customer to meet its obligations related to service hereunder, the ISO shall require reasonable credit review procedures. This review shall be made in accordance with standard commercial practices. In addition, the ISO may require the Transmission Customer to provide and maintain in effect during the term of the Service Agreement, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under this Tariff, or an alternative form of security proposed by the

Transmission Customer and acceptable to the ISO and consistent with commercial practices established by the Uniform Commercial Code that protects the ISO against the risk of non-payment.

Any service hereunder may be terminated on sixty (60) days prior notice by the ISO prior to, or any time after, the commencement of the service if the Transmission Customer fails to, or can no longer, demonstrate its creditworthiness. Each Transmission Customer shall be responsible for providing the information specified in this Section. Each Transmission Customer will be considered creditworthy if: (i) the Transmission Customer's long-term unsecured debt securities are, and remain, rated a minimum of BBB or Baa2 by Standards & Poor's or Moody's, respectively; (ii) the Transmission Customer either prepays for service or provides an irrevocable standby letter of credit issued by a domestic or Canadian bank with a minimum A (Standard & Poor's or Dominion), or A2 (Moody's) long-term unsecured debt rating, for an amount equal to the estimated sum of charges pursuant to Section 7 for the highest three (3) individual months over rolling twelve-month periods; (iii) the Transmission Customer has, as determined by the ISO in its reasonable discretion, a qualified long-term payment history with the ISO or an individual Transmission Owner; or (iv) the Transmission Customer's parent company, in a form satisfactory to the ISO, guarantees responsibility for all financial obligation associated with services and responsibilities hereunder and such parent company conforms to the minimum ratings specified above.

12.0 Dispute Resolution Procedures

12.1 Internal Dispute Resolution Procedures: Any dispute between a Transmission Customer and the ISO involving Transmission Service under the Tariff (excluding

applications for rate changes or other changes to this Tariff, or to any Service Agreement entered into under this Tariff, which shall be presented directly to the Commission for resolution) or ISO Procedures shall be referred to a designated senior representative of the ISO and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days or such other period as the parties may agree upon by mutual agreement, such dispute may be submitted to the Dispute Resolutions Administrator (“DRA”). The party submitting the matter to the DRA shall include a written statement describing the nature of the dispute and the issues to be resolved. Any subsequent mediation or arbitration process shall be limited to the issues presented for resolution. The DRA may submit disputes to non-binding mediation where the subject matter of the dispute involves the proposed change or modification of a rule, rate or an ISO Tariff provision. The DRA may submit disputes to binding arbitration which involve interpretation of a rule, rate or an ISO Tariff provision. Both the Mediator and the Arbitrator shall have the authorization to dismiss a dispute if: (i) the dispute did not arise under the ISO Tariff; or (ii) the claim is de minimis.

12.2 External Non-Binding Mediation and Arbitration Procedures: If the DRA refers the dispute to non-binding mediations, then the following procedure will be followed:

The DRA shall have ten (10) days from the date of such referral to distribute

a list of ten (10) qualified mediators to the disputing parties. Absent the express written consent of all disputing parties, as to any particular individual, no person shall be eligible for selection as mediator who is a past or present officer, employee or consultant to any of the disputing parties, or of any entity related to or affiliated with any of the disputing parties or is otherwise interested in the matter to be mediated. Any individual designated as mediator shall make known to the disputing parties any such disqualifying relationship and a new mediator shall be designated.

If the disputing parties cannot agree upon a mediator, the disputing parties shall take turns striking names from a list supplied by the DRA with a disputing party chosen by lot, first striking a name. The last remaining name to be stricken shall be designated as mediator. If that individual is unable or unwilling to serve, the individual last stricken shall be designated and the process repeated until an individual is selected that is able and willing to serve.

The disputing parties shall attempt in good faith to resolve their dispute in accordance with the schedule established by the mediator but in no event, may the schedule extend beyond ninety (90) days from the date of appointment of the mediator.

The mediator may require the disputing parties to: (i) submit written statements of issue(s) and position(s); (ii) meet for discussions; (iii) provide expert testimony and exhibits; and (iv) comply with the mediation procedures designated

by the DRA and/or the mediator.

If the parties have not resolved the dispute within ninety (90) days of the date the mediator was appointed, then the mediator shall promptly provide the disputing parties and the DRA with a written, confidential, non-binding recommendation to resolve the dispute. The recommendation shall include an assessment by the mediator of the merits of the principal positions being advanced by each of the parties to the dispute. The parties to the dispute shall then meet in a good faith attempt to resolve the dispute in light of the mediator's recommendation. This recommendation shall be limited to resolving the specific issues presented for mediation.

If the parties are still unable to resolve the dispute, then: (i) any dispute not involving the proposed change or modification of a rule, rate, Service Agreement or a Tariff provision may be referred to the arbitration process described below; or (ii) any disputing party may resort to regulatory or judicial proceedings as provided under this Tariff; and (iii) the recommendation of the mediator, and any other statements made by any party during the mediation process, shall not be admissible for any purpose, in any subsequent proceeding.

Each party to the dispute will bear a pro rata portion of the costs associated with the time, expenses and other charges of the mediator. Each party shall bear its own costs, including attorney and expert fees.

If the DRA refers the dispute to arbitration, then the following procedure will

apply:

The DRA shall have ten (10) days from the date of such decision to distribute a list of qualified arbitrators to the disputing parties. Absent the express written consent of all disputing parties as to any particular individual, no person shall be eligible for selection as an arbitrator that is a past or present officer, employee of 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 to be arbitrated. Any individual designated as an arbitrator shall make known to the disputing parties any such disqualifying relationship a new arbitrator shall be designated.

If the disputing parties cannot agree upon an arbitrator, the disputing parties shall take turns striking names from a list of ten (10) qualified individuals supplied by the DRA with a disputing party chosen by lot first striking a name. The last remaining name not stricken shall be designated as the arbitrator. If that individual is unable or unwilling to serve, the individual last stricken from the list shall be designated and the process repeated until an individual is selected that is able and willing to serve.

The scope of the arbitrator's decision shall be limited to the issues presented for arbitration. The arbitrator shall determine discovery procedures, intervention rights, how evidence shall be taken, what written submittals may be made, and other procedural matters, taking into account the complexity of the issues involved, the extent to which factual matters are disputed, and the extent to which the credibility

of witnesses is relevant to a resolution. Each party to the dispute shall produce all evidence determined by the arbitrator to be relevant to the issues presented. To the extent such evidence involves propriety or Confidential Information, the arbitrator may issue an appropriate protective order which shall be complied with by all disputing parties. The arbitrator may elect to resolve the arbitration matter solely on the basis of written evidence and arguments.

The arbitrator shall consider all issues underlying the dispute, and the arbitrator shall take evidence submitted by the disputing parties in accordance with procedures established by the arbitrator and may request additional information including the opinion of recognized technical bodies or experts. Disputing parties shall be afforded a reasonable opportunity to rebut any such additional information.

12.3 Arbitration Decisions: Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Tariff and any Service Agreement entered into under this Tariff and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the parties, and judgment on the award may be entered in any court having jurisdiction under the following circumstances: (i) all parties agree that the decision will be binding; or (ii) the dispute involves a claim that a party owes another party a sum of

money less than \$500,000. If the arbitrator concludes that no proposed award is consistent with this Tariff, the FPA and the Commission's then-applicable standards and policies, nor would address all issues in dispute, the arbitrator shall develop a compromise solution consistent with the terms of this Tariff. A written decision explaining the basis for the award shall be provided by the arbitrator to the parties and the DRA. No award shall be deemed to be precedential in any other arbitration related to a different dispute. Within one (1) year of the arbitral decision, a party may request that the Commission or any other federal, state, regulatory or judicial authority (in the State of New York) having jurisdiction over such matter vacate, modify or take such other action as may be appropriate with respect to any arbitration decision that is: (i) based upon an error of law; (ii) contrary to the statutes, rules or regulation administered by such authority; (iii) violative of Federal Arbitration Act or Administrative Dispute Resolution Act; (iv) based on conduct by an arbitrator that is violative of the Federal Arbitration Act of Administrative Dispute Resolution Act; or (v) involves a dispute in excess of \$500,000. The final decision of the arbitrator must be filed with the Commission if it affects jurisdictional rates, terms and conditions of service or facilities. Any arbitration decision that affects matters subject to the jurisdiction of the PSC under the New York State Public Service Law ("PSL") may be filed with the PSC. The judgment of the arbitrator may be entered on award by any court in New York State having jurisdiction.

Effective: September 1, 1999

12.4 Costs: All costs associated with the time, expense and other charges of the arbitrators shall be borne by the unsuccessful party. Each party shall be responsible for its own costs incurred during the arbitration process including attorney and expert fees.

12.5 Rights Under The FPA: Nothing in this section shall restrict the rights of any party to file a complaint with the Commission under relevant provisions of the FPA.

II. POINT-TO-POINT TRANSMISSION SERVICE

Preamble

The ISO will provide Firm and Non-Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff over the transmission facilities of the parties to the ISO/TO Agreement. Point-To-Point Transmission Service is for the receipt of Capacity and Energy at designated Point(s) of Receipt and the transmission of such Capacity and Energy to designated Point(s) of Delivery. Firm Point-To-Point Transmission Service is service for which the Transmission Customer has agreed to pay the Congestion Rent associated with its service. Non-Firm Point-To-Point Transmission Service is service for which the Transmission Customer has not agreed to pay Congestion Rent. A Transmission Customer may fix the price of Congestion Rent associated with its Firm Point-To-Point Transmission Service by acquiring sufficient TCCs with the same Points of Receipt and Delivery as its Transmission Service.

13.0 Nature of Firm Point-To-Point Transmission Service

13.1 Term: The minimum term of Firm Point-To-Point Transmission Service shall be one

hour and the maximum term shall be specified in the Service Agreement.

- 13.2 Reservation Priority:** All requests for Firm Point-to-Point Transmission Service will be deemed to have the same reservation priority. Firm Point-to-Point Transmission Service will have the same priority as Network Service subject to Section 13.6. All Firm Point-to-Point Transmission Service will have equal priority over Non-Firm Point-to-Point Transmission Service under the Tariff.
- 13.3 Use of Firm Transmission Service by the Transmission Owner(s):** The Transmission Owner will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after the effective date of ISO, or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Owners will maintain separate accounting, pursuant to Section 8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.
- 13.4 Service Agreements:** The ISO shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Firm Point-To-Point Transmission Service. Executed Service Agreements that contain the information required under this Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

13.5 Transmission Customer Obligation for Facility Additions or Redispatch Cost:

The ISO continuously redispatches all resources subject to its control in order to meet Load and to accommodate requests for a Firm Transmission Service through the use of SCUC and SCD. Firm Point-To-Point Transmission Customers are charged for these redispatch costs in accordance with Attachment J. Transmission Owner(s) will be obligated to expand or upgrade its Transmission System pursuant to the terms of Section 19. The Transmission Customer or Eligible Customer must agree to compensate the Transmission Owner(s) for any necessary transmission facility additions pursuant to Section 19.

13.6 Curtailment of Firm Transmission Service: In the event that a Curtailment on the NYS Transmission System, or a portion thereof, is required to maintain reliable operation of such system, Curtailments will be made on a non-discriminatory basis to the Transaction(s) that effectively relieve the Constraint. When applicable, the ISO will follow the Lake Erie Emergency Redispatch (“LEER”) Procedure filed on February 26, 1999, in Docket No. EL99-52-000 which is incorporated by reference herein. The LEER Procedure is intended to prevent the necessity of implementing the Curtailment procedures contained in the Commission and NERC tariffs and policies. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, the ISO will proportionately allocate Curtailment among Network Customers and Transmission Customers taking Firm

Point-To-Point Transmission Service. All Curtailments will be made on a non-discriminatory basis, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. When the ISO determines that an Emergency exists on NYS Transmission System and implements emergency procedures to Curtail Firm Transmission Service, the Transmission Customer shall make the required reductions upon request of the ISO. However, the ISO reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under this Tariff when, in the ISO's sole discretion, an Emergency or other unforeseen condition impairs or degrades the reliability of the NYS Power System. The ISO will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments. If the ISO declares a Major Emergency State, Transmission Customers shall comply with all directions issued by the ISO concerning the avoidance, management, and alleviation of the Major Emergency and shall comply with all procedures concerning a Major Emergency set forth in the ISO Procedures and the Reliability Rules. If the ISO is required to Curtail Transmission Service as a result of a Transmission Loading Relief ("TLR") event, the ISO will perform such Curtailment in accordance with the TLR procedures filed by NERC which are incorporated by reference herein.

13.7 Classification of Firm Transmission Service:

- (i) The Transmission Customer taking Firm Point-To-Point Transmission Service

may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 22.1 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 22.2.

- (ii) The Transmission Customer may purchase Transmission Service to make sales of Capacity and Energy from multiple generating units that are on the NYS Transmission System. For such a purchase of Transmission Service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant in which case the units would be treated as a single Point of Receipt.
- (iii) The ISO shall provide firm deliveries of Capacity and Energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt shall be set forth in the Firm Point-To-Point Service schedule submitted by the Transmission Customer.

13.8 Scheduling of Firm Point-To-Point Transmission Service:

- (i) **In the Day-Ahead Market:** Schedules for the Transmission Customer's Firm Point-to-Point Transmission Service Day-Ahead must be submitted to the ISO no later than 5:00 a.m. of the day prior to commencement of the Dispatch Day. Schedules involving the use of LIPA's facilities shall be treated in accordance with Section 5.2D. Schedules submitted after 5:00 a.m. will

not be accepted in the Day-Ahead schedule. Schedules of any Capacity and Energy that are to be delivered must be stated in increments of 1,000 KWh per hour between each Point of Receipt and corresponding Point of Delivery. Each Transmission Customer within the NYCA with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 KWh per hour, may consolidate its service requests at a common Point of Receipt into units of 1,000 KWh per hour for scheduling and billing purposes. The ISO will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party and shall deliver the Capacity and Energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall notify the ISO prior to the close of the Real-Time Market, and the ISO shall have the right to adjust accordingly the schedule for Capacity and Energy to be received and to be delivered.

- (ii) **In the Real-Time Market:** Schedules for the Transmission Customer's Firm Point-to-Point Transmission Service in Real-Time, must be submitted to the ISO no later than ninety (90) minutes prior to the dispatch hour. Schedules involving the use of LIPA's facilities shall be treated in accordance with Section 5.2D. Schedules submitted later than ninety (90) minutes prior to the dispatch hour shall not be accepted in the Real-Time schedule. Schedules of

any Capacity and Energy that is to be delivered must be stated in increments of 1,000 KWh per hour. The ISO will furnish to the Delivering Party's system operator, if applicable, hour-to-hour schedules equal to those furnished by the Receiving Party and shall deliver the Capacity and Energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall notify the ISO prior to the close of the Real-Time Market, and the ISO shall have the right to adjust accordingly the schedule for Capacity and Energy to be received and to be delivered.

14.0 Nature of Non-Firm Point-To-Point Transmission Service:

14.1 Term: The minimum term of Non-Firm Point-To-Point Transmission Service shall be one (1) hour and the maximum term shall be specified in the Service Agreement.

14.2 Reservation Priority: Non-Firm Point-to-Point Transmission Service shall be available when there is no Congestion between the Point(s) of Receipt and the Point(s) of Delivery for the Transaction. In all instances, Non-Firm Point-to-Point Transmission Service shall have a lower priority than Firm Point-to-Point Transmission Service and Network Service. Non-Firm Point-to-Point Transmission Service shall have an equal priority with Network Service from a secondary resource. A customer requesting non-firm Transmission Service that cannot be accommodated in the Day-Ahead Schedule because of Congestion may upgrade to Firm Point-to-

Point Transmission Service up to ninety (90) minutes prior to a given hour by rescheduling the Transaction and agreeing to pay the Congestion Rents associated with the Transaction.

14.3 Use of Non-Firm Point-To-Point Transmission Service by the Transmission

Owner: The Transmission Owners will be subject to the rates, terms and conditions of Part II of this Tariff when making Third-Party Sales under (i) agreements executed on or after the date this Tariff is effective or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Owners will maintain separate accounting, pursuant to Section 8, for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.

14.4 Service Agreements: The ISO shall offer a standard form Non-Firm Point-To-Point

Transmission Service Agreement (Attachment B) to an Eligible Customer when it first submits a Completed Application for Non-Firm Point-To-Point Transmission Service pursuant to this Tariff. Executed Service Agreements that contain the information required under this Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

14.5 Classification of Non-Firm Point-To-Point Transmission Service: Non-Firm

Point-To-Point Transmission Service shall be offered under terms and conditions contained in Part II of this Tariff. The ISO undertakes no obligation under this Tariff

to plan its Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of this Tariff. The ISO shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Owner) exceeds its non-firm capacity reservation. Non-Firm Point-To-Point Transmission Service shall include transmission of Energy and Capacity on an hourly and daily basis under Schedule 8.

14.6 Scheduling of Non-Firm Point-To-Point Transmission Service:

- (i) **In the Day-Ahead Market:** Schedule for the Transmission Customer's Non-Firm Point-to-Point Transmission Service in the Day-Ahead must be submitted to the ISO no later than 5:00 a.m. of the day prior to commencement of service. Schedules involving the use of LIPA's facilities shall be treated in accordance with Section 5.2D. Schedules submitted after 5:00 a.m. will not be accepted in the Day-Ahead Schedule. Schedules of any Capacity and Energy that is to be delivered must be stated in increments of 1,000 kWh per hour between each Point of Receipt and corresponding Point of Delivery. Each Transmission Customer within the NYCA with multiple requests for Transmission Service at a Point of Receipt, each of which is

under 1,000 kWh per hour, may consolidate its schedules at a common Point of Receipt into units of 1,000 kWh per hour. The ISO will furnish to the Delivering Party's system operator, hour-to-hour advisory schedules equal to those furnished by the Receiving Party. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall notify the ISO prior to the close of the Real-Time Market, and the ISO shall have the right to adjust accordingly the schedule for Capacity and Energy to be received and to be delivered.

- (ii) **In the Real-Time Market:** Schedules for the Transmission Customer's Non-Firm Point-to-Point Transmission Service in real-time must be submitted to the ISO no later than ninety (90) minutes prior to the hour. Schedules involving the use of LIPA's facilities shall be treated in accordance with Section 5.2D. Schedules submitted later than ninety (90) minutes prior to the dispatch hour shall not be accepted in the real-time schedule. Schedules of any Capacity and Energy that is to be delivered must be stated in increments of 1,000 KWh per hour. The ISO will furnish to the Delivering Party's system operator, if applicable, hour-to-hour schedules equal to those furnished by the Receiving Party and shall deliver the Capacity and Energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately

notify the ISO prior to the close of the Real-Time Market, and the ISO shall have the right to adjust accordingly the schedule for Capacity and Energy to be received and be delivered.

14.7 Curtailment or Interruption of Service: The ISO reserves the right to Curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when, an Emergency or other unforeseen condition threatens to impair or degrade the reliability of the NYS Transmission System. The ISO reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under this Tariff for economic reasons if the NYS Transmission System experiences Congestion. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the Constraint, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Point-to-Point Transmission Service and Network Integration Transmission Service. The ISO will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice. The process of Curtailment of Non-Firm Point-To-Point Transmission Service for Imports, Exports, and Wheels Through may cause these non-firm transactions to incur incidental Congestion charges due to inter-Control Area Curtailment procedures.

15.0 Service Availability

- 15.1 General Conditions:** The ISO will provide Firm and Non-Firm Point-To-Point Transmission Service over the transmission facilities of the parties to the ISO/TO Agreement, to any Transmission Customer that has met the requirements of Section 16.
- 15.2 Determination of Available Transmission Capability:** The ISO continuously redispatches all resources subject to its control in order to meet Load and to accommodate requests for Firm Transmission Service through the use of SCUC and SCD. A description of the ISO's specific methodology for performing SCUC and SCD is contained in Attachment C of this Tariff. The ISO will post information regarding ATC and TTC availability on the OASIS.
- 15.3 Initiating Service in the Absence of an Executed Service Agreement:** If the ISO and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all the terms and conditions of the Point-To-Point Service Agreement, ISO shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification directing the ISO to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by the ISO for such requested Transmission Service. The ISO shall commence providing Transmission Service subject to the Transmission Customer agreeing to (i) compensate the ISO in accordance with the terms and conditions of the unexecuted filed Service

Agreement, subject to true-up at whatever rate the Commission ultimately determines to be just and reasonable, and (ii) comply with the terms and conditions of this Tariff.

- 15.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System:** If a Transmission Customer requests that the NYS Transmission System be expanded or modified, the Transmission Owner(s), at the ISO's request, will use due diligence to expand or modify its applicable portion of the NYS Transmission System to increase Transfer Capability, provided the Transmission Customer agrees to compensate the applicable Transmission Owner(s) for such costs pursuant to the terms of Section 27. The Transmission Owner(s) will conform to Good Utility Practice in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to those facilities that the Transmission Owner has the right to expand or modify.
- 15.5 Deferral of Service:** Any increase in TCCs associated with new facilities is subject to completion of construction of those transmission facilities or upgrades.
- 15.6 Other Transmission Service Schedules:** Eligible Customers receiving Transmission Service under other agreements on file with the Commission may continue to receive Transmission Service under those agreements until such time as those agreements may be modified by the Commission. These agreements are

listed in Attachment L.

15.7 Real Power Losses: Real Power Losses are associated with all Transmission Service. The Transmission Customer is responsible for losses associated with all Transmission Service as calculated by ISO.

16.0 Transmission Customer Responsibilities

16.1 Conditions Required of Transmission Customers: Point-To-Point

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

- a. The Transmission Customer has pending a Completed Application for service;
- b. The Transmission Customer meets the creditworthiness criteria set forth in Section 11.0;
- c. The Transmission Customer provides an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under the Tariff in an amount calculated by the ISO.
- d. The Transmission Customer has arrangements in place for any other Transmission Service necessary to effect the delivery from the generating source to the ISO prior to the time when service under Part II of the Tariff commences;
- e. The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the Tariff, whether or not the Transmission Customer takes service; and
- f. The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 15.3; and
- g. The Transmission Customer has satisfied the communication requirements and the metering requirements established by the ISO.
- h. If the Point-to-Point Transmission Service involves the use of LIPA's transmission facilities, approval of such transactions has been granted pursuant to Section 5.2D.

16.2 Transmission Customer Responsibility for Third-Party Arrangements: Any

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

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

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

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

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

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under this Tariff;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the Capacity and Energy and the location of the Load ultimately served by the Capacity and Energy transmitted. The ISO will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to RTG transmission information sharing agreements. 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;
- (v) A description of the supply characteristics of the Capacity and Energy to be delivered;
- (vi) An estimate of the Capacity and Energy expected to be delivered to the Receiving Party; and
- (vii) The Service Commencement Date and the term of the requested Transmission Service.

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.

17.3 Deposit: No deposit is required for service under this Tariff.

- 17.4 Notice of Deficient Application:** If an Application fails to meet the requirements of this Tariff, the ISO shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. The ISO will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the ISO shall return the Application .
- 17.5 Response to a Completed Application:** Following receipt of a Completed Application for Firm Point-To-Point Transmission Service the ISO shall make a determination as to whether the NY Power System can support the requested service within the Constraint management and redispatch capabilities of the system. If the ISO concludes that such service is not possible, the ISO shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application. The Transmission Customer may request a System Impact Study pursuant to Section 19 at that time.
- 17.6 Execution of Service Agreement:** If a System Impact Study is not requested and the service can be provided, the ISO shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Where a System Impact Study is requested, the provisions of Section 19 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement or request the filing of an

unexecuted Service Agreement pursuant to Section 15.3, within fifteen (15) days after it is tendered by the ISO will be deemed a withdrawal and termination of the Application. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

17.7 Extension for Commencement of Service.

[Reserved].

18.0 Procedures for Arranging Non-Firm Point-To-Point Transmission Service

18.1 Application: Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to the ISO. Applications should be submitted by entering the information listed below on the OASIS. Prior to implementation of the 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.

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

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under this Tariff;
- (iii) The Point(s) of Receipt and the Point(s) of Delivery;
- (iv) The maximum amount of Energy to be injected and/or withdrawn at each Point of Receipt and Point of Delivery; and
- (v) The proposed dates and hours for initiating and terminating Transmission Service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, the ISO also may ask the Transmission Customer to provide the following:

- (vi) The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and
- (vii) The electrical location of the ultimate Load.

The ISO will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG transmission information sharing agreements. The ISO shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations and the ISO Code of Conduct in Attachment F.

18.3 Requests for Non-Firm Point-to-Point Transmission: Requests for daily service and hourly service shall be made by submitting a schedule to the ISO in accordance with Section 14.6. Such requests shall be accommodated when no Congestion is present.

18.4 Determination of Available Transmission Capability Using Security Constrained Unit Commitment ("SCUC") and Security Constrained Dispatch ("SCD"): A description of the ISO's specific methodology for performing SCUC and SCD is contained in Attachment C to this Tariff. The ISO

continuously redispaches the resources subject to its control in order to meet Load and accommodate requests for Firm Transmission Service through the use of SCUC and SCD.

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

The FERC Order No. 888 provisions for initiating a transmission system expansion are contained in Section 19 and Sections 20 through 21.2. Additional ISO responsibilities for transmission system expansion are contained in Section 19A. Study procedures associated with new interconnections to the NYS Power System are contained in Section 19B. Section 19C addresses prioritization of network and point-to-point transmission expansion and interconnection studies. Nothing in this Tariff shall preclude the Transmission Owner from proposing and constructing transmission facilities in the public interest in accordance with all applicable regulatory requirements.

19.1 Notice of Request for System Impact Study: Firm Transmission Service is available to an Eligible Customer, including a Transmission Owner, willing to pay Congestion Rent as described in this Tariff. A request for Firm Point-To-Point Transmission Service would not normally require a System Impact 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 Firm Transmission Service determines that Congestion Rent or the cost

of TCCs is too high and the customer is considering constructing new facilities to create incremental transfer capability resulting in incremental TCCs, or, if an Eligible Customer requests that transmission facilities be constructed to address reliability or other operational concerns) (a “Study Request”). After receiving a Study Request, the ISO shall, within thirty (30) days of receipt of a Study Request, tender a System Impact 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 all affected Transmission Owners in performing the System Impact Study. A description of the ISO’s methodology for completing a System Impact Study is provided in Attachment D. Before a Study Request is evaluated, the Eligible Customer shall execute the System Impact Study agreement and return it to the ISO within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study agreement, its Study Request shall be deemed withdrawn.

19.2 System Impact Study Agreement and Cost Reimbursement:

The System Impact Study agreement will clearly specify the ISO’s estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the ISO shall rely, to the extent reasonably practicable, on existing transmission planning studies including applicable studies submitted by the Eligible

Customer. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's Study Request.

If, in response to multiple Eligible Customers requesting a similar study, a single System Impact Study is sufficient, the costs of that study shall be pro-rated among the Eligible Customers.

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

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

19.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study agreement, the ISO will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify any additional Direct Assignment Facilities or Network Upgrades required to comply with a Eligible Customer's or Transmission Owner's request. In the event that the ISO is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated

completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer. The ISO will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself or a Transmission Owner. The ISO shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Study Request can be completed at no additional cost (e.g., if the ISO is currently studying requests to construct similar facilities).

19.4 Facilities Study Procedures: After a System Impact Study indicates that additions or upgrades to the Transmission System could be constructed in response to the Eligible Customer's Study Request, the Transmission Owner(s) whose facilities may be modified in performing the upgrade or addition shall, within thirty (30) days of the completion of the System Impact Study, tender to the Eligible Customer a Facilities Study agreement. The ISO shall cooperate with the affected Transmission Owner(s) in performing any subsequent Facilities Studies. In the Facilities Study agreement, the Eligible Customer shall agree to reimburse the Transmission Owner(s) for performing the required Facilities Study and the ISO for its associated costs. If the Eligible Customer wants the Transmission Owner(s) to undertake the Facilities Study, the Eligible Customer shall execute the

Facilities Study agreement and return it to the Transmission Owner(s) within fifteen (15) days. Upon receipt of an executed Facilities Study agreement, the Transmission Owner(s) will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Owner(s) are unable to complete the Facilities Study in the allotted time period, the Transmission Owner(s) shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Part II of this Tariff, and (iii) the time required to complete such construction. The Facilities Study shall contain a non-binding estimate as to the feasible TCCs resulting from the construction of the new facilities. After completion of the transmission upgrade and the first subsequent Centralized TCC Auction, the ISO shall determine the Incremental TCCs associated with the upgrade. The Incremental TCCs will be a set of point-to-point TCCs that derive from the increase or decrease in Total Transfer Capability, which includes, but is not limited to, the increase or decrease in the Total Transfer Capability across each affected Interface that is due to the transmission upgrade.

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

- 19.5 Facilities Study Modifications:** Any change in design arising from inability to site or construct facilities as proposed will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of the ISO or Transmission Owner that significantly affect the final cost of new facilities or upgrades to be

charged to the Transmission Customer pursuant to the provisions of Part II of this Tariff.

- 19.6 Due Diligence in Completing New Facilities:** The Transmission Owner(s), in coordination with the ISO, shall use due diligence to add necessary facilities or upgrade their transmission systems within a reasonable time. The Transmission Owner(s) will not upgrade their existing or planned system if doing so would impair system reliability.
- 19.7 Partial Interim Service:** If the ISO, in cooperation with the Transmission Owner(s), determines that it can satisfy a portion of the Eligible Customers request based on the existing transmission system configuration, the ISO will provide that information to the Eligible Customer. The awarding of such TCCs will be subject to the results of the TCC auction process.
- 19.8 Expedited Procedures for New Facilities:** In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the process by requesting the ISO to coordinate with the Transmission Owner(s) to tender at one time, together with the results of required studies, an “Expedited Request” pursuant to which the Eligible Customer would agree to compensate the Transmission Owner(s) and ISO for all costs incurred pursuant to the terms of this Tariff. In order to exercise this option, the Eligible Customer shall request in writing an Expedited Request covering all of the above-specified items within

thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in order to address the Transmission Customer's request. While the Transmission Owner(s) agree to provide the Eligible Customer with their best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding and the Eligible Customer must agree in writing to compensate the Transmission Owner(s) for all costs incurred pursuant to the provisions of this Tariff. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer's request for service will cease to be a completed application and will be deemed terminated and withdrawn.

19A Development of Transmission Reinforcement Options

19A.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 Section 19.1 through 19.3. 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.

19A.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 19A.1 above. The Eligible Customer shall comply with the provisions of Sections 19.1 through 19.3 that require the customer to enter into a System Impact Study agreement and agree to compensate the ISO for all costs incurred to conduct the study.

19A.3 Requests to proceed with a system expansion shall be subject to the provisions of Sections 19.4 through 19.8, and Sections 20 through 22.

19B Study Procedures For New Interconnections To The NYS Power System

19B.1 Request for Interconnection Study: Any Eligible Customer proposing to interconnect its Load or generation 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 a System Reliability Impact Study to determine whether the proposed Interconnection may degrade system reliability or adversely

affect the operation of the NYS Power System. The study shall be conducted in accordance with the procedures specified in Section 19B.2. The 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.

19B.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 study, the ISO and Transmission Owner with whose system the Eligible Customer proposes to interconnect shall perform the study. The study shall address the following:

- (i) An evaluation of the potential significant impacts of the new 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 new 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.

19B.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 study, the Eligible Customer may elect to continue with the Interconnection by entering into an Interconnection agreement with the Transmission Owner with whose system the Eligible Customer proposes to interconnect.

19C Prioritizing Transmission and Interconnection Studies

For the purposes of determining the priority for: (i) Interconnection proposals submitted by an Eligible Customer, in writing, and currently pending with one or more Transmission Owner(s) prior to the effective date of this Tariff; (ii) transmission studies requested pursuant to the provisions of a Transmission Owner's Open Access Tariff prior to the date of ISO OATT Tariff implementation or transmission studies requested pursuant to Sections 19.4, 19.8 and 32.4 of this Tariff; (iii) transmission studies requested by Eligible Customers pursuant to Sections 19A.2 and 32A.2 of this Tariff; (iv) proposals submitted pursuant to Section 18.02 of the ISO Agreement; and (v) interconnection proposals submitted pursuant to 19B and 32B of this Tariff;

the ISO shall give priority to each transmission study or Interconnection proposal on the basis of its date of submittal to the ISO or Transmission Owner. Before the effective date of this Tariff, the date of submittal of each transmission study or Interconnection proposal shall be determined by the application procedures of each Transmission Owner. New transmission studies or Interconnection proposals submitted after the effective date of this Tariff shall be subject to the same prioritization procedures, unless such procedures are modified by the ISO. In the event of different submission dates before one or more Transmission Owners or the ISO, the earliest submittal date shall be used for prioritization. The ISO may determine the priority of transmission studies under Section 18.03 of the ISO Agreement and studies requested by the PSC under Section 19A.1 of this Tariff according to procedures to be developed by the ISO.

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

20.1 Delays in Construction of New Facilities: If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, the Transmission Owner(s) constructing the facilities shall promptly notify the Transmission Customer. In such circumstances, the Transmission Owner(s) shall within thirty (30) days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer to evaluate the alternatives available to the Transmission Customer. The Transmission Owner also shall make available to the Transmission Customer studies and work papers

related to the delay, including all information that is in the possession of the Transmission Owner(s) that is reasonably needed by the Transmission Customer to evaluate any alternatives.

20.2 Alternatives to the Original Facility Additions: When the review process of Section 20.1 determines that one or more alternatives exist to the originally planned construction project, the Transmission Owner shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires that one of the alternative facilities be constructed, it may request the Transmission Owner(s) to submit a revised construction contract between the Transmission Customer and the Transmission Owner(s) constructing the alternative facilities. In the event the Transmission Owner concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the Dispute Resolution Process under Section 12.0 or it may refer the dispute to the Commission for resolution.

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

construction was suspended.

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

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

21.2 Coordination of Third-Party System Additions: The Transmission Owner(s) shall have the right to coordinate construction on its own system with the construction required by others. The Transmission Owner(s), after consultation with the Transmission Customer and representatives of such other systems, may defer construction of its new transmission facilities, if the new transmission facilities on another system cannot be completed in a timely manner. The Transmission Owner(s) shall notify the Transmission Customer in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of new facilities. Within

sixty (60) days of receiving written notification by the Transmission Owner of its intent to defer construction pursuant to this section, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.

22.0 Changes in Service Specifications

22.1 Modifications On a Non-Firm Basis: The Transmission Customer taking Firm Point-To-Point Transmission Service may request the ISO provide Transmission Service on a non-firm basis over Receipt and Delivery Points other than those specified in the Service Agreement (“Secondary Receipt and Delivery Points”), in amounts not to exceed the quantities or its Firm Point-to-Point Transmission Service, without incurring an additional Non-Firm Point-To-Point Transmission Service charge or executing a new Service Agreement, subject to the following conditions.

- (a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis.
- (b) The sum of all Firm and non-firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this Section shall not exceed the quantities or its Firm Point-to-Point Transmissions Service requested in the relevant Service Agreement under which such services are

provided.

(c) The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified up to the quantities or its Firm Point-to-Point Transmission Service requested in the relevant Service Agreement.

(d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under this Tariff. However, all other requirements of Part II of this Tariff (except as to transmission rates) shall apply to Transmission Service on a non-firm basis over Secondary Receipt and Delivery Points.

22.2 Modification On a Firm Basis: Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement.

23.0 Sale or Assignment of Transmission Service

23.1 Procedures for Assignment or Transfer of Service: Subject to Commission approval of any necessary filings, a Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells,

assigns or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to the Reseller shall not exceed the higher of (i) the original rate paid by the Reseller, (ii) the Transmission Owner's maximum rate on file at the time of the assignment, or (iii) the Reseller's opportunity cost capped at the Transmission Owner's cost of expansion. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. A Reseller should notify the ISO as soon as possible after any assignment or transfer of service occurs but in any event, notification must be provided prior to any provision of service to the Assignee. The Assignee will be subject to all terms and conditions of this Tariff. This section does not apply to the sale, resale or assignment of TCCs.

23.2 Limitations on Assignment or Transfer of Service: If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, the ISO will consent to such change subject to the provisions of this Tariff, provided that the change will not impair the operation and reliability of the NYCA. The Assignee shall compensate the ISO or Transmission Owner(s) for performing any System Impact Study needed to evaluate the capability of the Transmission System to

accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain liable for the performance of all obligations under the Service Agreement, except as specifically agreed to by the parties through an amendment to the Service Agreement. This Section does not apply to the sale, resale or assignment of TCCs.

23.3 Information on Assignment or Transfer of Service: Resellers may use the ISO's OASIS to post transmission capacity available for resale. Nothing in this Section shall apply to the sale, resale or assignment of TCCs.

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

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

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

24.3 Power Factor: Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as the Transmission Owner

pursuant to Good Utility Practices. The power factor requirements are specified in the Service Agreement where applicable.

25.0 Compensation for Transmission Service

Rates for Firm and Non-Firm Point-To-Point Transmission Service are provided in the Schedules appended to the Tariff: Firm Point-To-Point Transmission Service (Schedule 7); and Non-Firm Point-To-Point Transmission Service (Schedule 8). The Transmission Owner shall use Part II of this Tariff to make its Third-Party Sales. The Transmission Owner shall account for such use at the applicable Tariff rates, pursuant to Section 8.

The billing of these charges will be performed pursuant to Section 7.0 of this Tariff.

26.0 Stranded Cost Recovery

The Transmission Owners other than NYPA may seek to recover stranded costs from the Point-to-Point Transmission Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, the Transmission Owners must separately file any proposal to recover stranded costs under Section 205 of the FPA. This provision shall not supersede or otherwise affect a Transmission Owner's right to recover stranded costs under other authority. To the extent that LIPA's rates for service are established by the Long Island Power Authority's Board of Trustees pursuant to Article 5, Title 1-A of the New York Public Authorities Law, Sections 1020-f(u) and 1020-s and are not subject to Commission and/or PSC jurisdiction, LIPA's recovery of stranded costs will not be subject to the foregoing requirements.

Upon filing of a proposal to recover stranded costs under the FPA, the Transmission Owner shall immediately provide the ISO with a copy of the appropriate rate schedule which will be incorporated as a new SIRC rate schedule under this Tariff, subject to refund as may be required by the Commission. The ISO shall collect such SIRC from Network Service Customers and remit the collected amounts to the applicable Transmission Owner(s). Any SIRC rate schedule developed by LIPA under this Tariff will be effective upon receipt by the ISO, subject to any applicable laws and orders.

27.0 Compensation for New Facilities and Redispatch Costs

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

III. 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. 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 II of this Tariff.

28.0 Nature of Network Integration Transmission Service

28.1 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 31.3 of this Tariff. The Network Customer taking Network Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section 3.0.

28.2 Transmission Owner Responsibilities: Each Transmission Owner will plan, construct, operate and maintain their respective transmission systems in accordance with Good Utility Practice, 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 III 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, 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.

28.3 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.

28.4 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.

28.5 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.

28.6 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 II of this Tariff for any Third-Party Sale which requires use of the NYS Transmission System.

29.0 Initiating Service

29.1 Condition Precedent for Receiving Service: Subject to the terms and conditions of Part III 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 III of this Tariff; (ii) the Eligible Customer, ISO and the Transmission Owner(s) complete the technical arrangements set forth in Sections 29.3 and 29.4; (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment D for service under Part III 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 5.2D.

29.2 Application Procedures: An Eligible Customer requesting service under Part III 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), which shall include, for each Network Resource:
 - 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
 - Description of purchased power designated as a Network Resource including source of supply, Control Area location, transmission arrangements and delivery point(s) to the NYS Transmission System;
- (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
 - 10 year projection of system expansions or upgrades
 - Transmission system maps that include any proposed 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.

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.

29.3 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.

29.4 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 IV or 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.

29.5 Filing of Service Agreement: The ISO will file Service Agreements with the Commission in compliance with applicable Commission regulations.

30.0 Network Resources

30.1 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. 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.

30.2 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 29.

30.3 Termination of Network Resources: The Network Customer may terminate the designation of all or part of a generating resource as a Network Resource at any time but should provide notification to the ISO as soon as reasonably practicable.

30.4 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 non-firm sales delivered pursuant to Part II of the Tariff, plus net sales of Energy through the LBMP Market established under the ISO Services Tariff, plus losses. 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.

- 30.5 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.
- 30.6 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.
- 30.7 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.
- 30.8 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.

30.9 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 constructed by the Network Customer subsequent to the Service Commencement Date under Part III of this Tariff, the Network Customer shall receive credit where such facilities are jointly planned and installed in coordination with the Transmission Owners. Calculation of the credit shall be addressed in either the Network Customer's Service Agreement or any other agreement between the parties.

31.0 Designation of Network Load

31.1 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.

31.2 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 32 and shall be charged to the Network Customer in accordance with Commission policies.

31.3 Network Load Not Physically Interconnected with the NYS

Transmission System: This Section applies to both initial designation pursuant to Section 31 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 II 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.

31.4 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.

31.5 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.

31.6 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 III of this Tariff. 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.

32.0 Additional Study Procedures For Network Integration Transmission Service Requests

The FERC Order No. 888 provisions for initiating a Transmission System expansion are contained in this Section. Additional ISO responsibilities for Transmission System expansion are contained in Section 32A. Study procedures associated with new Interconnections to the NYS Power System are contained in Section 32B. Section 19C 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.

32.1 Notice of Request for System Impact 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 System Impact 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”). After receiving a Study Request , the ISO shall, within thirty (30) days of receipt of a Study Request, tender a System Impact 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 System Impact Study. A description of the ISO's methodology for completing a System Impact Study is provided in Attachment D. Before a Study Request is evaluated, the Eligible Customer shall execute the System Impact Study agreement and return it to the ISO within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study agreement, its Study Request shall be deemed withdrawn.

32.2 System Impact Study Agreement and Cost Reimbursement:

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

evaluate the impact of the Eligible Customer's Study Request.

If, in response to multiple Eligible Customers requesting a study in relation to the same competitive solicitation; a single System Impact Study is sufficient for the ISO to accommodate the study requests, the costs of that study shall be pro-rated among the Eligible Customers.

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

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

32.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study agreement, the ISO will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact 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 System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to

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

32.4 Facilities Study Procedures: After a System Impact Study indicates that additions or upgrades to the Transmission System could be constructed in response to the Eligible Customer's Study Request, the Transmission Owner(s) whose facilities may be modified in performing the upgrade or addition, shall, within thirty (30) days of the completion of the System Impact Study, tender to the Eligible Customer a Facilities Study agreement. The ISO shall cooperate with the affected Transmission Owners in performing any subsequent Facilities Studies. In the Facilities Study agreement, the Eligible Customer shall agree to reimburse the Transmission Owner(s) for performing the required Facilities Study and the ISO for its associated costs. If the Eligible Customer wants the Transmission Owner(s) to undertake the Facilities Study, the Eligible Customer shall execute the Facilities Study agreement and return it to the Transmission Owner(s) within fifteen (15) days. Upon receipt of an executed Facilities Study agreement, the Transmission Owner(s) will use

due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Owner(s) are unable to complete the Facilities Study in the allotted time period, the Transmission Owner(s) shall notify the Transmission Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades, as determined pursuant to the provisions of Part III of this Tariff, and (iii) the time required to complete such construction. The Facilities Study shall contain a non-binding estimate as to the feasible TCCs resulting from the construction of the new facilities. After completion of the transmission upgrade and the first subsequent Centralized TCC Auction, the ISO shall determine the Incremental TCCs associated with the upgrade. The Incremental TCCs will be a set of point-to-point TCCs that derive from the increase or decrease in Total Transfer Capability, which includes, but is not limited to, the increase or decrease in the Total Transfer Capability across each affected Interface that is due to the transmission upgrade. If the Eligible Customer decides to proceed with the construction of the facilities described in the Facilities Study, the Eligible Customer shall (1) enter into a construction contract with the Transmission Owner(s)

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

32A Development of Transmission Reinforcement Options

32A.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 32.1 through 32.3. 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.

32A.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 32A.1 above. The Eligible Customer shall comply with the provisions of Sections 32.1 through 32.3 that require the customer to enter into a System Impact Study agreement and agree to compensate the ISO for all costs incurred to

conduct the study.

32A.3 Requests to proceed with a system expansion shall be subject to the provisions of Section 32.

32B Study Procedures For New Interconnections To The NYS Power System

32B.1 Request for Interconnection Study: Any Eligible Customer proposing to interconnect its Load or generation 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 a system reliability impact study to determine whether the proposed Interconnection may degrade system reliability or adversely affect the operation of the NYS Power System. The study shall be conducted in accordance with the procedures specified in Section 32B.2. The 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.

32B.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 study, the ISO and Transmission Owner with whose system the Eligible Customer proposes to interconnect shall perform the study. The study shall address the

following:

- (i) An evaluation of the potential significant impacts of the new 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 new 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.

32B.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 study, the Eligible Customer may elect to continue with the Interconnection by entering into an Interconnection agreement with the Transmission Owner with whose

system the Eligible Customer proposes to interconnect.

33.0 Load Shedding and Curtailments

33.1 Procedures: Prior to the Service Commencement Date, the ISO and the Network Customer shall establish 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.

33.2 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 take whatever actions, consistent with Good Utility Practice, that are reasonably necessary to maintain the reliability of the NYS Transmission System. To the extent the ISO determines that the reliability of the NYS Transmission System can be maintained by redispatching resources, the ISO will redispatch all 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 13.6, which is incorporated by reference herein. The LEER Procedure is intended to prevent the necessity of implementing the curtailment procedures contained

in the FERC and NERC tariffs and policies. 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 TLR Procedures filed by NERC in Docket No. EL 99-52-000 which is incorporated by reference herein. 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.

33.3 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.

33.4 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.

33.5 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.

- 33.6 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.
- 33.7 System Reliability:** Notwithstanding any other provisions of this Tariff, the ISO reserves the right, consistent with Good Utility Practice and on a not unduly 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.

34.0 Rates and Charges

Rates for Network Transmission Integration Service are provided for in Schedule 9 of this Tariff. The billing of these charges will be performed pursuant to Section 7 of this Tariff.

34.1 Monthly Demand Charge:

[Reserved]

- 34.2 Determination of Network Customer's Monthly Network Load:**
[Reserved].
- 34.3 Determination of Transmission Owner's Monthly Transmission System Load:**
[Reserved].
- 34.4 Redispatch Charge:** The Network Customer shall pay redispatch costs in accordance with the provisions of Attachment J.
- 34.5 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 Tariff, subject to refund as may be required by the Commission. The ISO shall collect such SIRC from Network Service Customers and remit the collected amounts to the applicable Transmission Owner(s). Any SIRC rate schedule developed by LIPA under this Tariff will be effective upon receipt by the ISO, subject to any applicable laws and orders.

35.0 Operating Arrangements

35.1 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.

35.2 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 III 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 33, 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 III 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 North American Electric Reliability Council (NERC) 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 NERC 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.

35.3 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.

IV. SPECIAL PROVISIONS FOR RETAIL ACCESS

Preamble

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

The ISO will provide retail access services under this Tariff to Eligible Customers taking unbundled Transmission Service pursuant to a state requirement that a Transmission Owner offer the Transmission Service, or pursuant to a voluntary offer of such service by a Transmission Owner. Retail access customers are individual end-use

customers eligible for retail access under the Transmission Owner's retail access plans as filed with the PSC or, in the case of LIPA, under established under State law, or pursuant to a voluntary offer of such service by a Transmission Owner. All retail access customers participating in the retail access programs of Central Hudson, Consolidated Edison, LIPA, NYSEG, Niagara Mohawk and Orange and Rockland are Eligible Customers under this Tariff. Retail access customers will take service under Part IV of this Tariff. All Sections of this Tariff apply to LSEs serving such customers. Eligible Customers, such as electric utilities, are not required to offer retail access to their customers as a condition of service under this Tariff. All retail access customers serving as their own LSE must take Transmission Service under either Part II or III of this Tariff in addition to taking service under Parts IV. The common service provisions of Part I apply to retail access customers including LSEs.

36.0 Rights and Responsibilities of Eligible Customers and LSEs

36.1 Eligible Customers: Subject to Section 36.2, each Eligible Customer taking service under a retail access tariff of a Transmission Owner may, but need not, select an LSE to serve its needs for Energy and related services, according to the provisions of the applicable retail access tariff or retail access operating procedures. Such Eligible Customer must become a Transmission Customer under this Tariff. Each retail access customer shall be responsible for paying the retail Transmission Service Charge to the affected Transmission Owner, as provided for in the individual Transmission Owner's retail access tariffs. If an Eligible Customer selects an LSE to serve as its agent in procuring Transmission Service

from the ISO, that LSE shall be responsible for all Transmission Usage Charges and other charges associated with the Transmission Service received, and billed in accordance with Section 7 of this Tariff. If accommodated by the applicable retail access program, an Eligible Customer may become the customer of an LSE, with that LSE serving not as an agent, but as a Transmission Customer of the ISO who procures and resells Transmission Service to the Eligible Customer. Eligible Customers using the services of an LSE, either as an agent or a reseller of Transmission Service, need not individually enter into a Service Agreement with the ISO.

36.2 Load Serving Entities

A. General Requirements: LSEs (including Eligible Customers serving as their own LSE) shall be responsible for scheduling Transmission Service and providing forecasts and other information applicable to the Eligible Customers they serve or for whom they act as agents, as required by ISO Procedures. All LSEs must satisfy the ISO's requirements, including a requirement that LSEs schedule transactions in whole increments of 1 MW or greater in each hour at each Point of Receipt and each Point of Delivery. LSEs may provide this information aggregated to reflect the combined requirements of the Eligible Customers they serve or for whom they act as agents, to the extent permitted by ISO Procedures. All LSEs must execute a Service Agreement with the ISO pursuant to this Tariff.

B. RG&E's Retail Access Plan: LSEs participating in RG&E's retail

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

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

36.3 Transmission Service Charges: The TSC calculated under the terms of this Tariff may be collected by the Transmission Owners in one of the following ways: (a) for retail access customers participating in Central Hudson's, Consolidated Edison's, LIPA's, New York State Electric & Gas's, Niagara Mohawk Power Corporation's, or Orange and Rockland's retail access programs, the Transmission Owner may collect its TSC directly from each Customer in its service territory that takes service under its retail

access tariffs, or (b) for retail access customers participating in the RG&E's retail access program, the Transmission Owner may collect its TSC directly from the LSEs serving Load in its service territory, commensurate with each LSE's utilization of its system. The rates charged for retail access Transmission Service and the terms and condition for such service shall be in accordance with the provisions of the Transmission Owner's retail access tariff. In addition, the manner in which these charges are collected and the billing procedures shall be determined by the Transmission Owner in accordance with its filed retail access tariff and retail access plans and procedures.

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

this data in developing its Settlement information and charges under this Part IV of this Tariff. The ISO's Settlement procedures shall be designed to coordinate with the retail access tariffs of each Transmission Owner, and shall accommodate the allocation of cost responsibility for unaccounted-for Energy, theft, and losses on delivery facilities not explicitly included in the ISO's loss calculation model among all LSEs serving Load pursuant to that Transmission Owner's retail access program.

37.0 The Individual Retail Access Plans

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

A. Central Hudson

Customers taking part in the Central Hudson retail access program shall take service under Parts I and IV of this Tariff and under the Central Hudson's PSC and FERC approved retail access tariff, FERC Rate Schedule No. ER 98-3602 as amended from time to time. Pursuant to

Central Hudson's retail access tariff and this Tariff all retail access customers will receive a bill from Central Hudson for the transmission component of their retail access service. Such customers shall pay this bill directly to Central Hudson.

B. Consolidated Edison

Retail access customers participating in the Consolidated Edison's retail access plan shall take retail access service under Parts I and IV of this Tariff and under Consolidated Edison's PSC and FERC approved retail access tariff, Consolidated Edison's Rate Schedule FERC No. 3 and as Consolidated Edison Company of New York, Inc. PSC No. 2 - Retail Access, as amended from time to time. Pursuant to Consolidated Edison's retail access tariff and this Tariff, retail access customers will receive a bill from Consolidated Edison for the transmission component of their retail access service. Such customers shall pay this bill to Consolidated Edison in accordance with the terms of Consolidated Edison's Rate Schedule FERC No. 3 and Consolidated Edison Company of New York, Inc. PSC No. 2 - Retail Access, as amended from time to time.

C. LIPA

Retail access customers participating in the LIPA retail access plan shall receive retail Transmission Service pursuant to Parts I and IV of this Tariff and the "Long Island Choice" portions of approved "Long Island Power Authority Tariff For Electric Service." Retail Transmission Service

customers will be billed and shall pay for such service as part of their bundled retail delivery service rate pursuant to the Long Island Choice portion of the Long Island Power Authority Tariff for Electric Service.

D. NYSEG

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

will be billed and shall pay for the Transmission Service Charge as part of their retail service rate pursuant to the retail access tariffs.

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

E. Niagara Mohawk

Retail access is provided to Niagara Mohawk's customers through the company's PSC #207 tariff, Rule 39, as amended from time to time.

Customers under this program will take retail Transmission Service under Parts I and IV of this Tariff. They will be billed by, and make payments directly to Niagara Mohawk for the applicable Transmission Service Charge.

F. Orange and Rockland

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

Orange and Rockland Utilities, Inc. FERC Electric Tariff, Volume No. 3,
as amended from time to time.

G. Rochester Gas and Electric Corporation

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

SCHEDULE 1

SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE

This service is required to schedule the movement of power through, out of, within, or into the NYCA. This service can be provided only by the ISO. The Transmission Customer must purchase this service from the ISO. The charges for Scheduling, System Control and Dispatch Service are set forth below.

1. Parties to Which Charges Apply

The ISO shall charge, and Transmission Customers shall pay, the Scheduling, System Control and Dispatch Service ("Rate Schedule 1") charge on all Transmission Services provided pursuant to Parts II, III and IV to this Tariff, provided that Transmission Customers who are retail access customers who are being served by an LSE shall not pay this charge to the ISO; the LSE shall pay this charge.

2. Billing

The ISO shall charge each Transmission Customer based on the product of: (i) the Scheduling, System Control and Dispatch Service charge rate; and (ii) the customer's billing units for the month. The customer's billing units will be based on the Actual Energy Withdrawals for all Transmission Service to supply Load in the NYCA, and hourly Energy schedules for all Wheels Through and Exports. To the extent Schedule 1 charges are associated with satisfying Local Reliability Rules, the billing units for such charges will be based on the Actual Energy Withdrawals in the sub-zone(s) where the Local Reliability Rules are applied.

3. Computation of Rate

The Scheduling, System Control and Dispatch Service charge shall be computed on a monthly basis based on information available from the prior month. The Rate Schedule 1 charge shall equal the ISO's monthly costs and expenses, as adjusted by the Residual Adjustment described below, and excess revenues from the payment of Ancillary Service penalties, divided by total billing units calculated in Section 2 of this Rate Schedule. Additional Rate Schedule 1 charges will apply to Transmission Customers serving Load in Load zones for which the generating units were committed, in accordance with Local Reliability Rules to compensate such generating units for minimum and start-up costs not fully recovered through LBMP revenues.

4. ISO Costs

ISO costs to be recovered through the Rate Schedule 1 charge include:

A. Costs associated with the operation of the NYS Transmission System by the ISO and administration of this Tariff by the ISO, including without limitation, the following:

- Processing and implementing requests for transmission service including support of the ISO OASIS node;
- Coordination of transmission system operation and implementation of necessary control actions by the ISO and support for these functions;
- Performing centralized security constrained dispatch to optimally re-dispatch the NYS Power System to mitigate transmission Interface overloads and provide balancing services;
- Billing associated with Transmission Service provided under this Tariff;
- Preparation of Settlement statements;
- Rebilling which supports this service;

- NYS Transmission System studies, when the costs of the studies are not recoverable from a Transmission Customer;
- Engineering services and operations planning;
- Data and voice communications network service coordination;
- Metering maintenance and calibration scheduling;
- Dispute resolution;
- Record keeping and auditing;
- Training of ISO personnel;
- Development of new information, communication and control systems;
- Professional services;
- Carrying costs on ISO assets, capital requirements and debts;
- Tax expenses, if any;
- Administrative and general expenses;
- Insurance expenses;
- Costs that the ISO incurs as a result of bad debt, including finance charges; and
- The costs associated with differences between the amounts bid by generating facilities that have been committed and scheduled by the ISO to provide Energy and certain Ancillary Services, and the actual revenues received by these generating facilities for providing such Energy and Ancillary Services. Where the costs are incurred to compensate generating facilities for satisfying Local Reliability Rules, the associated charge shall apply only to Transmission Customers serving Load in the Load Zone(s) where the rule is applied.

B. Costs associated with the start-up and formation of the ISO, including without limitation, the following:

- the transfer of any property, including real, personal, and intellectual property, other assets and other rights and obligations;
- items such as computer software development and licensing costs and computer hardware costs; and
- costs related to regulatory filings.

These costs will be amortized over a ten-year period, and Rate Schedule 1 will include an amortized amount of the costs, inclusive of financing costs.

Subject to the above, where costs or expenses or receipts are incurred on a basis other than a monthly basis, the ISO shall use reasonable judgment consistent with commonly accepted accounting practices to develop the monthly components. The sum of the costs identified above shall be adjusted by the Residual Adjustment.

5. Residual Adjustment

The ISO's payments from Transmission Customers will not equal the ISO's payments to Suppliers. Part of the difference consists of Congestion Rent. The remainder comprises the Residual Adjustment, which will be an adjustment to the costs in Section 4. The most significant components of the Residual Adjustment, which is calculated below, include:

- The greater revenue the ISO collects for Marginal Losses from Transmission Customers, in contrast to payments for losses remitted to generation facilities;
- Costs or savings associated with the ISO redispatch of Generators resulting from a change in Transfer Capability between the Day-Ahead schedule and the real-time dispatch;
- The cost resulting from inadvertent interchange (if unscheduled Energy

flows out of the NYCA to other Control Areas), or the decrease in cost resulting from inadvertent interchange (if unscheduled Energy flows into the NYCA from other Control Areas) and associated payments in kind;

- Costs or revenues from Emergency Transactions with other Control Area operators;
- Metering errors resulting in payments to or from Transmission Customers to be either higher or lower than they would have been in the absence of metering errors;
- Deviations between actual system Load and the five-minute ahead Load forecast used by SCD, resulting in either more or less Energy than is needed to meet Load;
- Energy provided by generation facilities in excess of the amounts requested by the ISO (through SCD Base Point Signals or AGC Base Point Signals);
- If generation facilities providing Regulation Service have actual output in excess of their AGC Base Point Signals, but the SCD Base Point Signals is higher than either, the real-time payments they receive for Energy produced will be based on the SCD Base Point Signals; and
- Transmission Customers serving Load in the NYCA will be billed based upon an estimated distribution of Loads to buses within each Load Zone. If the actual distribution of Load differs from this assumed distribution, the total amount collected from Transmission Customers could be either higher or lower than the amount that would have been collected if the actual distribution of Loads had been known.
- Settlements for losses revenue variances, as described in Attachment K of this Tariff, with Transmission Owners that pay marginal losses to the ISO for losses associated with modified TWAs (not converted to TCCs) while receiving losses payments from the participants in those TWAs other than marginal losses.

The actual Residual Adjustment for each month shall be the sum of the hourly Residual Adjustments calculated as follows: (A) the ISO's receipts from Transmission Customers and Primary Holders of TCCs for services which equal the sum of: (i) payments for Energy

scheduled in the LBMP Market in that hour in the Day-Ahead commitment; (ii) payments for Energy purchased in the Real-Time LBMP Market for that hour that was not scheduled Day-Ahead; (iii) payments for Energy by generating facilities that generated less Energy in the real-time dispatch for that hour than they were scheduled Day-Ahead to generate in that hour for the LBMP Market; (iv) TUC payments made in accordance with Parts II, III and IV of this Tariff that were scheduled in that hour in the Day-Ahead commitment; and (v) real-time TUC payments in accordance with Parts II, III and IV of this Tariff that were not scheduled in that hour in the Day-Ahead commitment; (B) less the ISO's payments to generation facilities, Transmission Owners and Primary Holders of TCCs equal to the sum of the following: (i) payments for Energy to generation facilities that were scheduled to operate in the LBMP Market in that hour in the Day-Ahead commitment; (ii) payments to generation facilities for Energy provided to the ISO in the real-time dispatch for that hour that those generation facilities were not scheduled to generate in that hour in the Day-Ahead commitment; (iii) payments for Energy to LSEs that consumed less Energy in the real-time dispatch than those LSEs were scheduled Day-Ahead to consume in that hour; (iv) payments of the real-time TUC to Transmission Customers that reduced their schedules for that hour after the Day-Ahead commitment; (v) payments of Congestion Rents collected for that hour in the Day-Ahead schedule to Primary Holders of TCCs; (vi) settlements with Transmission Owners for losses revenue variances; and (vii) Excess Congestion Rents collected in that hour.

SCHEDULE 2

REACTIVE SUPPLY AND VOLTAGE CONTROL FROM GENERATION SOURCES SERVICE

In order to maintain transmission voltages on the NYS Transmission System within acceptable limits, generation facilities under the control of the ISO are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation Sources Service (“Voltage Support Service”) must be provided for each Transaction on the NYS Transmission System. The amount of Voltage Support Service that must be supplied with respect to the Transmission Customer's Transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the ISO.

Voltage Support Service is to be provided directly by the ISO. The methodologies that the ISO will use to obtain Voltage Support Service and the associated charges for such service are set forth below.

1.0 Responsibilities

The ISO shall coordinate the Voltage Support Service provided by generation facilities that qualify to provide such services as described Section 1.3 of this Rate Schedule.

1.1 Wheels Through, Exports and Purchases from the LBMP Market

Transmission Customers engaging in Wheels Through, Exports and Purchases from the LBMP Market where the Energy is delivered to an NYCA Interconnection with another Control Area shall purchase Voltage Support Service from the ISO at the rates described in the formula contained in Section 2.1 of this Rate Schedule.

1.2 Load-Serving Entities

LSEs serving Load in the NYCA shall purchase all Voltage Support Service from the ISO.

2.0 Payments

2.1 Payments made by Transmission Customers and LSEs

Transmission Customers shall pay the ISO for Voltage Support Service. The ISO shall compute the Voltage Support Service Rate based on forecast data using the following equation:

$$Rate_{VSS} = \frac{\sum^{All} NYISO_{VSSPayments} + PYA_{VSS}}{Energy_{NYISO}}$$

Where:

$Rate_{VSS}$ = Voltage Support Service Rate

$Energy_{ISO}$ = The annual forecasted transmission usage for the year as projected by the ISO including Load within the NYCA, Exports and Wheels Through.

$\sum^{All} NYISO_{VSSPayments}$ = The sum of the projected ISO payments to generation facilities providing Voltage Support Service based on Sections 2.0(a), 2.0(b) and 2.0(c) of Rate Schedule 2 of the ISO Services Tariff.

PYA_{VSS} = Total of prior year payments to generation facilities supplying Voltage

Support Service as defined in the ISO Services Tariff less the total of payments received by the ISO from Transmission Customers and LSEs in the prior year for Voltage Support Service (including all payments for penalties).

Transmission Customers engaging in Wheels Through, Exports and Purchases from the LBMP Market where the Energy is delivered to a NYCA interconnection with another Control Area shall pay to the ISO a charge for this service equal to the hourly rate as determined in Section 2.1 of this Rate Schedule multiplied by their Energy wheeled in the hour. LSEs shall pay to the ISO a charge for this service equal to the hourly rate as determined in Section 2.1 of this Rate Schedule multiplied by the Energy consumed by the LSE's Load located in the NYCA in the hour.

The ISO shall calculate the payment hourly and bill each Transmission Customer or LSE monthly.

3.0 Self-Supply

All Voltage Support Service shall be purchased from the ISO.

SCHEDULE 3

REGULATION AND FREQUENCY RESPONSE SERVICE

Regulation and Frequency Response Service is necessary to provide for the continuous balance of resources (generation and interchange) with Load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) as necessary to follow the moment-by-moment changes in Load. The obligation to maintain this balance between resources and Load lies with the ISO. The ISO must offer this service when the Transmission Service is used to serve Load within the NYCA. The Transmission Customer must either purchase this service from the ISO or make alternative comparable arrangements pursuant to the provisions set forth in the ISO Services Tariff to satisfy its Regulation and Frequency Response Service obligation. The charges for Regulation and Frequency Response Service are set forth below.

1.0 Customer Obligations and Responsibilities

Transmission Customers and LSEs shall either purchase this service from the ISO, Self-Supply or purchase this service from alternate Suppliers. Alternate Suppliers and sources for Self-Supply shall comply with those conditions specified in Rate Schedule 3 of the ISO Services Tariff.

2.0 Charges to Transmission Customers

(a) For all Actual Energy Withdrawals for Load located in the NYCA, the LSE is considered the Transmission Customer taking service under Parts II, III and IV of this Tariff for purposes of this Rate Schedule and shall pay a charge for this service on all Transmission Service in accordance with this Tariff and purchases in the LBMP Markets in accordance with the ISO Services Tariff, when such service serves Load located in the NYCA.

(b) The ISO shall calculate the charge, for each hour, as follows:

$$\text{LSE Charge} = (\text{Supplier Payment} - \text{Supplier Charge} - \text{Generator Charge}) \times \text{LRS}_{\text{LSE}}$$

where: Supplier Payment is the aggregate of the availability payments made by the ISO to all Suppliers of this service as described in Section 4.0(b) of Rate Schedule 3 of the ISO Services Tariff; Supplier Charge is the aggregate of charges paid by all Suppliers for poor Regulation performance, as described in Section 4.1 of Rate Schedule 3 of the ISO Services Tariff; Generator Charge is the aggregate of charges paid by all Generators that do not provide Regulation Service and do not follow their SCD Base Points sufficiently accurately, as described in Section 4.2 of Rate Schedule 3 of the ISO Services Tariff; and LRS_{LSE} is each Transmission Customer's share of the Load in the NYCA.

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

(d) Charges to be paid by Transmission Customers for this service shall be aggregated to render a monthly charge.

SCHEDULE 4

ENERGY IMBALANCE SERVICE

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of Energy to a Load located within the NYCA over a single hour. The ISO must offer this service when the Transmission Service is used to serve Load within the NYCA. The Transmission Customer, which for purposes of this Rate Schedule is the LSE, must purchase this service from the ISO.

The charges for Energy Imbalance Service are set forth below.

1.0 Energy Imbalance Service Charges

For each Transmission Customer that has executed a Service Agreement under the ISO Services Tariff, Energy Imbalance Service is considered to be supplied by the Real-Time Market and will be charged at the Real-Time LBMP price determined pursuant to Attachment J.

For each Transmission Customer that is not a Customer under the ISO Services Tariff and is receiving service under Part II or III of this Tariff, for hours when the Transmission Customer's Actual Energy Withdrawals are less than that customer's scheduled Energy delivery, the Transmission Customer shall pay to the ISO an amount equal to the greater of 150% of the Real-Time LBMP price at the Point of Delivery of \$100 per MWh. In the event that the Transmission Customer's Actual Energy delivery exceeds that customer's Actual Energy Withdrawals, the Transmission Customer shall not receive payment for such Energy.

Transmission Customers with imbalances may also be subject to charges for Regulation and Frequency Response, as described in Rate Schedule 3.

Energy imbalances resulting from inadvertent interchange between Control Areas will continue to be addressed by the procedures that Control Area operators currently use to address such imbalances. Any increase or decrease in costs resulting from pay back of accumulated inadvertent interchange will be included in the ISO Scheduling, System Control and Dispatch Service charge.

2.0 Inadvertent Energy Management Requirements

For Energy imbalances resulting from inadvertent interchange between Control Areas, the ISO shall: (i) accurately account for inadvertent Energy interchange, through daily schedule verification and the use of reliable metering equipment; (ii) minimize unintentional inadvertent accumulation in accordance with NERC and NPCC policies; and (iii) minimize accumulated inadvertent Energy balances in accordance with NERC and NPCC policies.

The ISO shall reduce accumulated inadvertent Energy balances with other Control Areas by one or both of the following methods: (i) scheduling interchange payback with another Control Area as an interchange schedule between Control Areas; and (ii) unilaterally offsetting the tie-line interchange schedule when such action will assist in correcting an existing time error.

Inadvertent interchange accumulated during On-Peak hours shall be paid back during On-Peak hours. Inadvertent interchange accumulated during Off-Peak hours shall be paid back during Off-Peak hours. In either case, payback is made with Energy “in-kind.”

3.0 Monthly Meter Reading Adjustments

3.1 Facilities Internal to the NYCA

The ISO shall develop rules and procedures to implement adjustments to meter readings to reflect the differences between the integrated instantaneous metering data utilized by the ISO for SCD and actual data for internal facilities as recorded by billing metering.

3.2 Facilities on Boundaries with Neighboring Control Areas

The correction required for external Inadvertent Energy Accounting facilities on Interfaces between the NYCA and other Control Areas will be done using Inadvertent Energy Accounting techniques to be established by the ISO in accordance with NERC and other established reliability criteria.

4.0 Self-Supply

All Inadvertent Energy Accounting services and Energy Imbalance Services shall be purchased from the ISO.

5.0 Verification of Adjustments

The ISO shall provide all necessary meter reading adjustment information required by the Transmission Owners to allow them to verify that meter reading adjustments were performed in accordance with ISO Procedures.

SCHEDULE 5

OPERATING RESERVE SERVICE

The ISO must offer this service when the Transmission Service is used to serve Load within the NYCA. The Transmission Customer, which for purposes of this Rate Schedule is the LSE, must either purchase this service from the ISO or make alternative comparable arrangements to satisfy its Operating Reserve Service obligation. The amount of, and charges for, Operating Reserve Service are set forth below.

The ISO shall provide procedures to establish adequate Operating Reserves that comply with the Reliability Rules. Operating Reserves are classified as follows:

- (1) Spinning Reserve: Operating Reserves provided by generation facilities and Interruptible Load Resources located within the NYCA that are already synchronized to the NYS Power System and can respond to instructions to change output level within ten (10) minutes;
- (2) 10-Minute Non-Synchronized Reserve (“10-Minute NSR”): Operating Reserves provided by generation facilities that can be started, synchronized and loaded within ten (10) minutes; and
- (3) 30-Minute Reserve: Operating Reserves provided by generation facilities and Interruptible Load Resources that can respond to instructions to change output level within thirty (30) minutes.

The ISO shall satisfy at least fifty (50) percent of the applicable 10-Minute Reserve requirements with Spinning Reserve. If the ISO satisfies all of the 10-Minute Reserve requirement through Spinning Reserve, it does not have to maintain 10-Minute NSR. The ISO shall establish additional categories of Operating Reserves if necessary to ensure reliability.

1.0 General Requirements

The ISO shall ensure that providers of Operating Reserves are properly located electrically so that transmission Constraints resulting from either commitment or dispatch of units do not limit the ability to deliver Energy to Loads in the case of a Contingency. The ISO will ensure that Capacity counted towards meeting Operating Reserve requirements is not also counted towards meeting Regulation and Frequency Response Service requirements.

2.0 Operating Reserves Charges

Each Transmission Customer engaging in an Export and each LSE shall pay a monthly Operating Reserves charge equal to the sum of the hourly charges for the month. The ISO shall calculate, and the LSE or Transmission Customer shall pay, the hourly charge equal to the product of (A) cost to the ISO of providing all Operating Reserves less any revenues from penalties collected during each hour and (B) the ratio of (i) the LSE's Load or the Transmission Customer's scheduled Export to (ii) the sum of all Load in the NYCA and all scheduled Exports during that hour. The cost to the ISO of providing Operating Reserves are described in Rate Schedule 4 of the ISO Services Tariff.

3.0 Self-Supply

Transmission Customers, including LSEs, may provide for Self-Supply of Operating Reserve by placing generation facilities supplying any one of the Operating Reserves under ISO

Operational Control. The generation facilities must meet ISO rules for acceptability. The amount that any such customer will be charged for Operating Reserve Services will be reduced by the market value of the services provided by the specified generation facilities as determined in the ISO Services Tariff.

SCHEDULE 6

BLACK START SERVICE

Black Start Capability represents the key generation facilities required to assist in the restoration of the NYS Power System once a system-wide blackout has occurred.

1.0 Requirements

The ISO shall develop and periodically review a Black Start restoration plan for the NYS Power System. The ISO may amend this restoration plan and determine Black Start requirements to account for changes in system configuration if the ISO determines that additional Black Start resources are needed.

Transmission Customers shall pay a Black Start Capability charge on all Transactions to supply Load in the NYCA, (including Internal Wheels and Import Transactions) based on the product of (a) the Transmission Customer's monthly Load Ratio Share and (b) the monthly embedded cost charge for Black Start Capability (net of all payments forfeited due to a generation facilities' failure to pass a Black Start Capability test).

The full restoration of the NYS Power System will require some additional Black Start Generators, which are located in local Transmission Owner areas and which are not presently listed in the ISO restoration plan. Although the ISO plan will restore a major portion of the state electric system, portions of the local Transmission Owner's restoration plan may require additional Black Start service. The ISO will make payments for local area Black Start Capability directly to the generating facilities that provide that service, under the terms of this Rate Schedule. The LSEs in those local Transmission Owner areas will be additionally charged for that Black Start Capability Service by the ISO. Generating facilities, which are obligated to

provide Black Start Service as a result of divestiture contract agreements, will not receive ISO payments for that service if they are already compensated for such service as part of those divestiture contracts.

The charge shall be based on the product of (a) the Transmission Customer's monthly Load Ratio Share of Load requiring local Black Start Capability, and (b) the monthly embedded cost charge for providing local Black Start Capability (net of all payments forfeited due to a local generation facilities failure to pass a Black Start Capability test), described in ISO Services Tariff, Rate Schedule 5.

2.0 Self Supply

Transmission Customers may not Self-Supply this Black Start Capability Service.

SCHEDULE 7

FIRM POINT-TO-POINT TRANSMISSION SERVICE

The charges for Firm Point-To-Point Transmission Service are described below. Section 7 of this Tariff contains the billing and Settlement terms and identifies which customers are responsible for paying each of the charges. Charges are based on actual transmission use with billing units measured in MWh.

A. Transmission Usage Charge (“TUC”)

The monthly TUC (in \$) shall be the sum of the hourly values for each hour in the month of (i) the hourly Day-Ahead TUCs for Firm Point-To-Point Transmission Service scheduled in the Day-Ahead Market, and (ii) the hourly Real-Time TUCs for Firm Point-To-Point Transmission Service scheduled no later than ninety (90) minutes prior to such hour in the Dispatch Day.

1. The hourly Day-Ahead TUC shall be calculated as follows:

$$\text{Hourly Day-Ahead TUC} = \text{Scheduled Amount} \times (\text{DALBMP}_{\text{DP}} - \text{DALBMP}_{\text{RP}})$$

Where:

Scheduled Amount is the quantity of MWh scheduled for Firm Point-To-Point Transmission Service in the Day-Ahead Market by the Transmission Customer for that hour.

DALBMP_{DP} is the Day-Ahead LBMP price of Energy (in \$/MWh) in that hour measured at the Point of Delivery (or withdrawal) as specified in the Transmission Service schedule. The method used to calculate Day-Ahead

LBMP is described in Attachment J.

DALBMP_{RP} is the Day-Ahead LBMP price of Energy (in \$/MWh) in that hour measured at the Point of Receipt (or injection) as specified in the Transmission Service schedule. The method used to calculate Day-Ahead LBMP is described in Attachment J.

2. The hourly Real-Time TUC shall be calculated as follows:

$$TUC \text{ for hour } k \text{ For transaction } j = \frac{1}{3600} \sum_{i=1}^n MW_{ij} * t_i * (LBMP_{ij}^r - LBMP_{ij}^s)$$

where:

MW_{ij} = MW of the transaction for SCD execution interval i, for transaction j

n = Number of SCD intervals in an hour

t_i = Number of seconds in interval i which are part of hour k

$LBMP_{ij}^r$ = LBMP at withdrawal location r for SCD execution interval i, for transaction j

$LBMP_{ij}^s$ = LBMP at injection locations for SCD execution interval i, for transaction j

3600 = number of seconds in each hour

- (a) If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is less than the Scheduled Amount, the ISO shall credit that Transmission Customer for the difference at the

Real-Time TUC.

- (b) If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is greater than the Scheduled Amount, the ISO shall charge that Transmission Customer for the difference at the Real-Time TUC.
3. Exceptions to the requirement to pay the hourly TUC.
- (a) The hourly TUC shall not apply in any hour in which the ISO physically and financially Curtails the customer's scheduled Transmission Service during the Dispatch Day.
 - (b) Transmission Customers with Grandfathered Rights that take Transmission Service in the Day-Ahead Market that corresponds to that customer's Grandfathered Rights shall pay for Marginal Losses associated with the hourly Day-Ahead LBMP in lieu of the TUC in accordance with Attachment K.

B. Marginal Losses

Payments for Marginal Losses (the "Marginal Losses Cost") shall equal the sum of the Hourly Day-Ahead Marginal Losses Cost and any adjustment to that cost as a result of subsequent schedule changes in the Real-Time Market (the "Hourly Real-Time Marginal Losses Cost")

1. Hourly Day-Ahead Marginal Losses Cost is calculated as follows:

Hourly Day-Ahead Marginal Losses Cost = Scheduled Amount x (DAMLC_{DP} – DAMLC_{RP})

Where:

DAMLC_{DP} is the Marginal Losses Component of the Day-Ahead LBMP measured at the Delivery Point identified in the Transmission Customer's schedule.

The Day-Ahead LBMP is calculated in accordance with Attachment J.

DAMLC_{RP} is the Marginal Losses Component of the Day-Ahead LBMP measured at the Receipt Point identified in the Transmission Customer's schedule.

The Day-Ahead LBMP is calculated in accordance with Attachment J.

2. Hourly Real-Time Marginal Losses Cost is calculated as follows:

Hourly Real-Time Marginal Losses Cost = Scheduled Amount x (RTMLC_{DP} – RTMLC_{RP})

Where:

RTMLC_{DP} is the Marginal Losses Component of the Real-Time LBMP measured at the Delivery Point identified in the Transmission Service schedule. The Real-Time LBMP is calculated in accordance with Attachment J.

RTMLC_{RP} is the Marginal Losses Component of the Real-Time LBMP measured at the Receipt Point identified in the Transmission Service schedule. The Real-Time LBMP is calculated in accordance with Attachment J.

(a) If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is

less than the Scheduled Amount in the Day-Ahead Market, the ISO shall credit that Transmission Customer for the difference in Marginal Losses Cost using the Real-Time LBMP Marginal Losses Component.

- (b) If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is greater than the Scheduled Amount in the Day-Ahead Market, the ISO shall charge that Transmission Customer for the difference in Marginal Losses Cost using the Real-Time LBMP Marginal Losses Component.

C. Wholesale Transmission Service Charge (“WTSC”)

The Wholesale Transmission Service Charge (in \$) is calculated as follows:

1. For Exports and Wheels Through

$$\text{WTSC} = \text{Schedule Amount} \times \text{WTSC Rate}$$

Where:

Scheduled Amount is the quantity of MWh scheduled in each hour for that month for Firm Point-To-Point Transmission Service by the Transmission Customer.

WTSC Rate is the Wholesale Transmission Service Charge Rate or combination of rates that applies to the Transmission Customer’s Transmission Service as determined in Attachment H .

2. For Imports and Internal Wheels

$$\text{WTSC} = \text{Actual Energy Withdrawals} \times \text{WTSC Rate}$$

Where:

Actual MWh Withdrawal is the quantity of MWh withdrawn at the Point of Delivery identified in the Transmission Customer's Transmission Service schedule, in an hour. The amount shall be determined by: (1) measurement with a revenue-quality meter; (2) assessment in accordance with a Transmission Owner's PSC-approved retail access program or LIPA's lawfully established retail access program where the customer's demand is not measured by a revenue-quality meter; or (3) using a method agreed to by the customer and the applicable Transmission Owner until such time as a revenue-quality meter is available.

D. Retail Transmission Service Charge ("RTSC")

The rates and charges for retail transmission service are described in Part IV of this Tariff.

E. NYPA Transmission Adjustment Charge ("NTAC")

LSEs serving retail access Load will be charged an NTAC consistent with each Transmission Owner's retail access program pursuant to Section 7 of this Tariff. The Transmission Customer shall pay to the ISO each month the NTAC. NTAC (in \$) is calculated as follows:

1. For Exports and Wheels Through

$$\text{NTAC} = \text{Scheduled Amount} \times \text{NTAC Rate}$$

Where:

NTAC Rate is the rate listed and described in Attachment H.

Scheduled Amount is the amount of MWh scheduled in each hour for that month for Firm Point-To-Point Transmission Service by the Transmission Customer.

2. For Imports and Internal Wheels

NTAC = Actual MWh Withdrawals x NTAC Rate

Where:

NTAC Rate is the rate listed and described in Attachment H.

Actual MWh Withdrawal is the quantity of MWh withdrawn at the Point of Delivery identified in the Transmission Customer's Transmission Service schedule, in an hour. The amount shall be determined by: (1) measurement with a revenue-quality meter; (2) assessment in accordance with a Transmission Owner's PSC-approved retail access program or LIPA's lawfully established retail access program where the customer's demand is not measured by a revenue-quality meter; or (3) using a method agreed to by the customer and the applicable Transmission Owner until such time as a revenue-quality meter is available.

SCHEDULE 8

NON-FIRM POINT-TO-POINT TRANSMISSION SERVICE

The charges for Non-Firm Point-To-Point Transmission Service are described below. Section 7 of this Tariff contains the billing and Settlement terms and identifies which customers are responsible for paying each of the charges. Charges are based on actual transmission use with billing units measured in MWh.

A. Marginal Losses

Payments for Marginal Losses (the “Marginal Losses Cost”) shall equal the sum of the Hourly Day-Ahead Marginal Losses Cost and any adjustment to that cost as a result of subsequent schedule changes in the Real-Time Market (the “Hourly Real-Time Marginal Losses Cost”)

1. Hourly Day-Ahead Marginal Losses Cost is calculated as follows:

$$\text{Hourly Day-Ahead Marginal Losses Cost} = \text{Scheduled Amount} \times (\text{DAMLC}_{\text{DP}} - \text{DAMLC}_{\text{RP}})$$

Where:

DAMLC_{DP} is the Marginal Losses Component of the Day-Ahead LBMP measured at the Delivery Point identified in the Transmission Customer’s schedule.

The Day-Ahead LBMP is calculated in accordance with Attachment J.

DAMLC_{RP} is the Marginal Losses Component of the Day-Ahead LBMP measured at the Receipt Point identified in the Transmission Customer’s schedule.

The Day-Ahead LBMP is calculated in accordance with Attachment J.

2. Hourly Real-Time Marginal Losses Cost is calculated as follows:

$$\text{Hourly Real-Time Marginal Losses Cost} = \text{Scheduled Amount} \times (\text{RTMLC}_{\text{DP}} - \text{RTMLC}_{\text{RP}})$$

Where:

RTMLC_{DP} is the Marginal Losses Component of the Real-Time LBMP measured at the Delivery Point identified in the Transmission Service schedule.

The Real-Time LBMP is calculated in accordance with Attachment J.

RTMLC_{RP} is the Marginal Losses Component of the Real-Time LBMP measured at the Receipt Point identified in the Transmission Service schedule. The Real-Time LBMP is calculated in accordance with Attachment J.

- (a) If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is less than the Scheduled Amount in the Day-Ahead Market, the ISO shall credit that Transmission Customer for the difference in Marginal Losses Cost using the Real-Time LBMP Marginal Losses Component.
- (b) If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is greater than the Scheduled Amount in the Day-Ahead

Market, the ISO shall charge that Transmission Customer for the difference in Marginal Losses Cost using the Real-Time LBMP Marginal Losses Component.

B. Wholesale Transmission Service Charge (“WTSC”)

The Wholesale Transmission Service Charge (in \$) is calculated as follows:

1. For Exports and Wheels Through

$$\text{WTSC} = \text{Schedule Amount} \times \text{WTSC Rate}$$

Where:

Scheduled Amount is the quantity of MWh scheduled in each hour for that month for Non-Firm Point-To-Point Transmission Service by the Transmission Customer.

WTSC Rate is the Wholesale Transmission Service Charge Rate or combination of rates that applies to the Transmission Customer’s Transmission Service as determined in Attachment H.

2. For Imports and Internal Wheels

$$\text{WTSC} = \text{Actual Energy Withdrawals} \times \text{WTSC Rate}$$

Where:

Actual MWh Withdrawal is the quantity of MWh withdrawn at the Point of Delivery identified in the Transmission Customer’s Transmission Service schedule, in an hour. The amount shall be determined by (1) measurement with a revenue-quality meter; (2) assessment in accordance with a Transmission Owner’s PSC-approved retail access program or LIPA’s

lawfully established retail access program where the customer's demand is not measured by a revenue-quality meter; or (3) using a method agreed to by the customer and the applicable Transmission Owner until such time as a revenue-quality meter is available.

C. Retail Transmission Service Charge ("RTSC")

The rates and charges for retail transmission service are described in Part IV of this Tariff.

D. NYPA Transmission Adjustment Charge ("NTAC")

LSEs serving retail access load will be charged an NTAC consistent with each Transmission Owner's retail access program pursuant to Section 7 of this Tariff. The Transmission Customer shall pay to the ISO each month the NTAC. NTAC (in \$) is calculated as follows:

1. For Exports and Wheels Through

$$\text{NTAC} = \text{Scheduled Amount} \times \text{NTAC Rate}$$

Where:

NTAC Rate is the rate listed and described in Attachment H.

Scheduled Amount is the amount of MWh scheduled in each hour for that month for Non-Firm Point-To-Point Transmission Service by the Transmission Customer.

2. For Imports and Internals Wheels

$$\text{NTAC} = \text{Actual MWh Withdrawals} \times \text{NTAC Rate}$$

Where:

NTAC Rate is the rate listed and described in Attachment H.

Actual MWh Withdrawal is the quantity of MWh withdrawn at the Point of Delivery identified in the Transmission Customer's Transmission Service schedule, in an hour. The amount shall be determined by (1) measurement with a revenue-quality real-time meter; (2) assessment in accordance with a Transmission Owner's PSC-approved retail access program or LIPA's lawfully established retail access program where the customer's demand is not measured by a revenue-quality real-time meter; or (3) using a method agreed to by the customer and the applicable Transmission Owner until such time as a revenue-quality real-time meter is available.

SCHEDULE 9

NETWORK INTEGRATION TRANSMISSION SERVICE

The charges for Network Integration Transmission Service are described below. Section 7 of this Tariff contains the billing and Settlement terms and identifies which customers are responsible for paying each of the charges. Charges are based on actual transmission use with billing units measured in MWh.

A. Transmission Usage Charge (“TUC”)

The monthly TUC (in \$) shall be the sum of the hourly values for each hour in the month of (i) the hourly Day-Ahead TUCs for Network Integration Transmission Service scheduled in the Day-Ahead Market, and (ii) the hourly Real-Time TUCs for Network Integration Transmission Service scheduled no later than ninety (90) minutes prior to such hour in the Dispatch Day.

1. The hourly Day-Ahead TUC shall be calculated as follows:

$$\text{Hourly Day-Ahead TUC} = \text{Scheduled Amount} \times (\text{DALBMP}_{\text{DP}} - \text{DALBMP}_{\text{RP}})$$

Where:

Scheduled Amount is the quantity of MWh scheduled for Network Integration Transmission Service in the Day-Ahead Market by the Transmission Customer for that hour.

DALBMP_{DP} is the Day-Ahead LBMP price of energy (in \$/MWh) in that hour measured at the Point of Delivery (or withdrawal) as specified in the Transmission Service schedule. The method used to calculate Day-Ahead

LBMP is described in Attachment J.

DALBMP_{RP} is the Day-Ahead LBMP price of energy (in \$/MWh) in that hour measured at the Point of Receipt (or injection) as specified in the Transmission Service schedule. The method used to calculate Day-Ahead LBMP is described in Attachment J.

2. The hourly Real-Time TUC shall be calculated as follows:

$$TUC \text{ for hour } k \text{ For transaction } j = \frac{1}{3600} \sum_{i=1}^n MW_{ij} * t_i * (LBMP_{ij}^r - LBMP_{ij}^s)$$

Where:

- Mw_{ij} = MW of the transaction for SCD execution interval i, for transaction j
- n = Number of SCD intervals in an hour
- t_i = Number of seconds in interval i which are part of hour k
- $LBMP_{ij}^r$ = LBMP at withdrawal location r for SCD execution interval i, for transaction j
- $LBMP_{ij}^s$ = LBMP at injection locations for SCD execution interval i, for transaction j
- 3600 = number of seconds in each hour

- (a) If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is less than the Scheduled Amount, the ISO shall credit that Transmission Customer for the difference at the

Real-Time TUC.

- (b) If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is greater than the Scheduled Amount, the ISO shall charge that Transmission Customer for the difference at the Real-Time TUC.
3. Exceptions to the requirement to pay the hourly TUC.
 - (a) The hourly TUC shall not apply in any hour in which the ISO physically and financially Curtails the customer's scheduled Transmission Service during the Dispatch Day.
 - (b) Transmission Customers with Grandfathered Rights that take Transmission Service in the Day-Ahead Market that corresponds to that customer's Grandfathered Rights shall, subject to a Section 205 filing under the Federal Power Act, pay for Marginal Losses associated with the hourly Day-Ahead LBMP in lieu of the TUC.

B. Marginal Losses

Payments for Marginal Losses (the "Marginal Losses Cost") shall equal the sum of the Hourly Day-Ahead Marginal Losses Cost and any adjustment to that cost as a result of subsequent schedule changes in the Real-Time Market (the "Hourly Real-Time Marginal Losses Cost")

1. Hourly Day-Ahead Marginal Losses Cost is calculated as follows:

**Hourly Day-Ahead Marginal Losses Cost = Scheduled Amount x (DAMLC_{DP}
– DAMLC_{RP})**

Where:

DAMLC_{DP} is the Marginal Losses Component of the Day-Ahead LBMP measured at the Delivery Point identified in the Transmission Customer's schedule.

The Day-Ahead LBMP is calculated in accordance with Attachment J.

DAMLC_{RP} is the Marginal Losses Component of the Day-Ahead LBMP measured at the Receipt Point identified in the Transmission Customer's schedule.

The Day-Ahead LBMP is calculated in accordance with Attachment J.

2. Hourly Real-Time Marginal Losses Cost is calculated as follows:

**Hourly Real-Time Marginal Losses Cost = Scheduled Amount x (RTMLC_{DP}
– RTMLC_{RP})**

Where:

RTMLC_{DP} is the Marginal Losses Component of the Real-Time LBMP measured at the Delivery Point identified in the Transmission Service schedule. The Real-Time LBMP is calculated in accordance with Attachment J.

RTMLC_{RP} is the Marginal Losses Component of the Real-Time LBMP measured at the Receipt Point identified in the Transmission Service schedule. The Real-Time LBMP is calculated in accordance with Attachment J.

(a) If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is

less than the Scheduled Amount in the Day-Ahead Market, the ISO shall credit that Transmission Customer for the difference in Marginal Losses Cost using the Real-Time LBMP Marginal Losses Component.

- (b) If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is greater than the Scheduled Amount in the Day-Ahead Market, the ISO shall charge that Transmission Customer for the difference in Marginal Losses Cost using the Real-Time LBMP Marginal Losses Component.

C. Wholesale Transmission Service Charge (“WTSC”)

The Wholesale Transmission Service Charge (in \$) is calculated as follows:

1. For Exports and Wheels Through

$$\text{WTSC} = \text{Schedule Amount} \times \text{WTSC Rate}$$

Where:

Scheduled Amount is the quantity of MWh scheduled in each hour for that month for Network Integration Transmission Service by the Transmission Customer.

WTSC Rate is the Wholesale Transmission Service Charge Rate or combination of rates that applies to the Transmission Customer’s Transmission Service as determined in Attachment H .

2. For Imports and Internal Wheels

$$\text{WTSC} = \text{Actual Energy Withdrawals} \times \text{WTSC Rate}$$

Where:

Actual MWh Withdrawal is the quantity of MWh withdrawn at the Point of Delivery identified in the Transmission Customer's Transmission Service schedule, in an hour. The amount shall be determined by: (1) measurement with a revenue-quality meter; (2) assessment in accordance with a Transmission Owner's PSC-approved retail access program or LIPA's lawfully established retail access program where the customer's demand is not measured by a revenue-quality meter; or (3) using a method agreed to by the customer and the applicable Transmission Owner until such time as a revenue-quality meter is available.

D. Retail Transmission Service Charge ("RTSC")

The rates and charges for retail transmission service are described in Part IV of this Tariff.

E. NYPA Transmission Adjustment Charge ("NTAC")

LSEs serving retail access Load will be charged an NTAC consistent with each Transmission Owner's retail access program pursuant to Section 7 of this Tariff. The Transmission Customer shall pay to the ISO each month the NTAC. NTAC (in \$) is calculated as follows:

1. For Exports and Wheels Through

$$\text{NTAC} = \text{Scheduled Amount} \times \text{NTAC Rate}$$

Where:

NTAC Rate is the rate listed and described in Attachment H.

Scheduled Amount is the amount of MWh scheduled in each hour for that month for Network Integration Transmission Service by the Transmission Customer.

2. For Imports and Internals Wheels

NTAC = Actual MWh Withdrawals x NTAC Rate

Where:

NTAC Rate is the rate listed and described in Attachment H.

Actual MWh Withdrawal is the quantity of MWh withdrawn at the Point of Delivery identified in the Transmission Customer's Transmission Service schedule, in an hour. The amount shall be determined by: (1) measurement with a revenue-quality meter; (2) assessment in accordance with a Transmission Owner's PSC-approved retail access program or LIPA's lawfully established retail access program where the customer's demand is not measured by a revenue-quality meter; or (3) using a method agreed to by the customer and the applicable Transmission Owner until such time as a revenue-quality meter is available.

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:

Transmission Customer:

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

Specifications For Firm Point-To-Point
Transmission Service

1.0 Term of Transaction: _____

Start Date: _____

Termination Date: _____

2.0 Description of Capacity and Energy to be transmitted by ISO including the electric Control Area in which the transaction originates.

3.0 Point(s) of Receipt: _____

Delivering Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

5.0 Maximum amount of Capacity and Energy to be transmitted: _____

6.0 Designation of party(ies) subject to reciprocal service obligation: _____

7.0 Name(s) of any Intervening Systems providing transmission service: _____

8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual Transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Service Charge: _____

8.2 System Impact and/or Facilities Study Charge(s):

8.3 Direct Assignment Facilities Charge: _____

8.4 Ancillary Services Charges: _____

8.5 Other Charges: _____

ATTACHMENT B

**FORM OF SERVICE AGREEMENT FOR NON-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 be a Transmission Customer under Part II of the Tariff and has filed a Completed Application for Non-Firm Point-To-Point Transmission Service in accordance with Part II of this Tariff.
- 3.0 Service under this Agreement shall be provided by the ISO upon request by an authorized representative of the Transmission Customer.
- 4.0 The Transmission Customer agrees to supply information the ISO deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.
- 5.0 The ISO agrees to provide and the Transmission Customer agrees to pay for Non-Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 6.0 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:

Transmission Customer:

7.0 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

ATTACHMENT C

METHODOLOGY TO ASSESS AVAILABLE TRANSFER CAPABILITY

The ISO will assess available transfer capability (“ATC”) when developing the Day-Ahead and Hour-Ahead schedules and dispatching the NYS Power System in real-time.

Transfer capability of the transmission network is limited by physical and electrical characteristics of the system including thermal equipment, loading, voltage and stability considerations. Transfer capability is evaluated based on base system loading and an assessment of critical contingencies on the Transmission System. The critical contingencies will be defined as appropriate using guidelines set forth in ISO Procedures. Determination of ATC will require, in all cases, that base system conditions be identified and modeled for the period being analyzed. These conditions will include projected customer Demand, anticipated Transmission System facility availability, accepted Energy Transactions for the NYCA, and information about neighboring regions that affect the Transfer Capability of the NYCA.

The ISO’s calculation of Transfer Capability will be consistent with NERC principles. These calculations will be performed by the ISO through the performances of SCUC, SCD, and the BME.

The following Sections describe SCUC, SCD, and BME.

1.0 Security Constrained Unit Commitment (“SCUC”)

The ISO shall develop an SCUC schedule using a computer algorithm which simultaneously minimizes the total Bid Production cost of: (i) supplying power to satisfy all accepted purchaser’s Bids to buy Energy from the Day-Ahead Market; (ii) providing

sufficient Ancillary Services to support Energy purchased from the Day-Ahead Market; (iii) committing sufficient Capacity to meet the ISO's Load forecast and provide associated Ancillary Services; and (iv) meeting all Transmission Schedules submitted Day-Ahead. The schedule will include commitment of sufficient generating facilities and/or Interruptible Load to provide for reliable operation of the NYS Transmission System. In addition to all Reliability Rules, the ISO shall consider the following information when developing the SCUC: (i) Load forecasts provided to the ISO and adjusted as required by the ISO; (ii) Ancillary Service requirements as determined by the ISO; (iii) Transmission Service schedules; (iv) price Bids and operating Constraints submitted for a generating facility or Demand Side Resources; (v) price bids for Ancillary Services; (iv) Decremental Bids for Bilateral Transactions; (vii) Ancillary Services in support of Bilateral Transactions; and (viii) Bids to purchase Energy from the Day-Ahead Market. The SCUC schedule shall list the twenty-four (24) hour injections for: (a) each generating facility whose Bid the ISO accepts for the following Dispatch Day; and (b) each Bilateral Transaction Scheduled Day-Ahead.

In the development of its SCUC schedule, the ISO may commit and decommit Generators based upon any flexible Bids, including Minimum Generation and Start-Up Costs, Energy, and Incremental and Decremental Bids received by the ISO.

2.0 Security Constrained Dispatch ("SCD")

The ISO shall dispatch the NYS Power System consistent with the Bids that are submitted by generating facilities and accepted by the ISO, while satisfying the actual system Load. The ISO shall use Day-Ahead and Hour-Ahead Bids and shall accommodate Bilateral Transaction schedules and schedule changes to the maximum extent possible consistent with

reliability, and the Decremental Bids of Bilateral Transaction parties. The ISO shall run a Security Constrained Dispatch (“SCD”) normally every five (5) minutes to minimize the total Bid Production Costs of meeting the system Load and maintaining scheduled interchanges with adjacent Control Areas over the next SCD interval. Bid Production Costs, for this purpose, will be calculated using Bids submitted into the Real-Time Market. The dispatch may cause the schedules of Generators providing Energy under Bilateral Transaction Schedules to be modified, depending upon the Decremental Bids submitted (or assigned) in association with these schedules.

3.0 Balancing Market Evaluation (Hour-Ahead)

After the Day-Ahead schedule is published, and up to ninety (90) minutes prior to each dispatch hour, qualified customers and generating facilities may: (i) submit additional Bids to the ISO for Energy from (a) generating facilities or other resources that are dispatchable within five (5) minutes and that can be included in and respond to the ISO’s SCD program and (b) fixed block Energy (non-Dispatchable) Bids available for the next hour; (ii) lower their Bid Price for Energy from generating facilities committed by the ISO in the Day-Ahead Market; (iii) change their Bid Price for additional Energy from generating facilities that were committed by the ISO in the Day-Ahead Market; (iv) modify Bilateral Transactions that were accepted by the ISO in the Day-Ahead schedule; (v) propose new Bilateral Transactions; and (vi) submit Bids to purchase Energy from the Real-Time Market. The Bids submitted up to ninety (90) minutes before the dispatch hour shall be referred to as Hour-Ahead Bids. The ISO shall use the Balancing Market Evaluation (“BME”) ninety (90) minutes before each dispatch hour to determine schedules for LBMP Market and Bilateral Transactions including

Exports, Imports and Wheels Through. In developing these schedules, the BME will consider updated Load forecasts and evaluate the impact on reliability of the proposed schedules and commitments. The BME will adjust firm Bilateral Transaction schedules based on Incremental and Decremental Bids and all generating facility schedules, based on their Bids, to maintain reliability. The BME will not determine any prices but will schedule on a least total Bid Production Cost basis.

ATTACHMENT D

METHODOLOGY FOR COMPLETING A SYSTEM IMPACT STUDY

An Eligible Customer may request a System Impact Study.

The purpose of the impact study will be to determine the effect the requested facilities will have on system operations, system Constraints, and whether system expansion will create the requested incremental Transfer Capability and associated TCCs.

The Commission's comparability standard will be applied in evaluating the impact of all requests. Specifically, the ISO will use the same due diligence in completing System Impact Studies for any Eligible Customers that it uses when completing such studies for any Transmission Owner.

System Impact Studies will be evaluated, to the extent possible, as a part of the on-going planning process for expansions of the NYS Power System. Appropriate planning studies will be conducted periodically to assess the capability of the NYS Transmission System to deliver the planned Network Resources to the forecasted Network Loads of the existing LSES and any prior committed Firm Transmission Service customers. The Loads and resources of Eligible Customers requesting new or additional service during the normal planning cycle will be incorporated into this aggregate planning process along with the Loads and resources of all other Firm Point-to-Point Transmission Customers and LSES.

The ISO plans and evaluates the NYS Transmission System in strict compliance with the following:

- (1) NERC principles and guides;

- (2) Principles and standards for planning the bulk electric systems of the NPCC; and
Transmission planning criteria, methods and procedures described in the FERC
Form No. 715-Annual Transmission Planning and Evaluation Report for the NPCC
Region.
- (3) NYSRC Reliability Rules including Local Reliability Rules.

ATTACHMENT E

INDEX OF POINT-TO-POINT TRANSMISSION SERVICE CUSTOMERS

To be Provided by the ISO

ATTACHMENT F
NEW YORK INDEPENDENT SYSTEM OPERATOR
CODE OF CONDUCT

1.0 INTRODUCTION

This Code of Conduct (hereinafter, the “Code”) shall apply to the ISO’s Directors, Officers, and Employees (collectively, “ISO Employees”) and provides policies, rules and procedures to be followed in carrying out the ISO’s responsibilities. The provisions relating to covered contractors and consultants are set forth in Section 12 below.

The ISO Employees shall take all reasonable actions within their authority under the ISO Tariffs and Agreements¹ necessary to:

- (1) comply with all laws including, without limitation, the following: federal and state environmental laws; Federal Power Act, FERC Rules and Regulations, FERC Order Nos. 888 et. seq. and 889 et. seq.; 18 C.F.R. Sections 37.1-37.4; and copyright, trademark and patent laws;
- (2) provide Transmission Service pursuant to the ISO Open Access

¹ The “ISO Tariffs and Agreements” consist of the ISO OATT, the ISO Services Tariff, the ISO Agreement, the NYSRC Agreement, the ISO/NYSRC Agreement, and the ISO/TO Agreement. The term “ISO Tariffs” consists of the ISO OATT and the ISO Services Tariff.

Transmission Tariff (“OATT”), acting as the Responsible Party,² as defined in Order Nos. 889 et. seq. for all Transmission Owners that are signatories to the ISO Agreement and operate the OASIS in accordance with Section 2.0, below;

- (3) refrain from Energy Transactions in accordance with Section 3.0, below;
- (4) treat commercially sensitive, proprietary, or regulated information as Confidential Information in accordance with Section 4.0, below;
- (5) protect the integrity of ISO Records³ in accordance with Section 6.0, below;
- (6) protect the ISO’s assets including property, facilities, equipment and supplies in accordance with Section 11.0, below; and
- (7) avoid contact with Market Participants⁴ which could cause or appear to cause a conflict of interest under Section 7.0, below.

2.0 FAIR AND NON-DISCRIMINATORY ADMINISTRATION OF THE TARIFF

It is the policy of the ISO to offer open-access Transmission Service under the ISO Tariff in a non-discriminatory manner to all Market Participants. In compliance with this

² The term “Responsible Party” as defined in Order No. 889 means the Transmission Owner or an agent to whom the Transmission Owner has delegated the responsibility of meeting the requirements of 18 C.F.R. §37 concerning the operation of the OASIS.

³ ISO Records consist of all documents submitted to, or generated by, the ISO that pertain to ISO business. Examples of ISO Records include, without limitation, requests for Transmission and Ancillary Services, service agreements, system impact studies and facilities studies developed by the Transmission Owners and forwarded to the ISO, audit records, and ISO annual reports.

⁴ Market Participant is any person (natural or legal) transacting with the ISO to buy, sell or schedule electric generating Capacity and/or Energy, Ancillary Services or Transmission Services. The term includes, but is not limited to, Power Exchanges, power brokers, power marketers, Buyers, Sellers, Transmission Owners, Non-Utility Generators, Independent Power Producers, load aggregators, Load Serving Entities, and municipalities or groups of these entities.

policy, all ISO Employees must administer the ISO OATT and ISO Services Tariff (the “ISO Tariffs”) and the ISO related Agreements with impartiality toward all Market Participants.

Where the ISO OATT allows the exercise of discretion in applying the ISO OATT, to the extent that discretion is exercised, the ISO will maintain a written log of each waiver or act of discretion, the circumstances involved, the person authorizing the waiver and the source of authority for the waiver. The ISO will provide the log for review and copying at the request and expense of any interested persons during regular business hours of operation in a manner that treats similarly situated persons on a comparable and non-discriminatory basis.

The ISO shall also require an officer of the ISO or designee to periodically review these discretionary decisions to ensure compliance with the Code. The ISO shall post information on the OASIS for a period of ninety (90) days, detailing the circumstances and manner under which that discretion was exercised; and make this information available for review, but not on the OASIS, for three (3) years from the date it is first posted.

In providing Transmission Service pursuant to the ISO OATT, the ISO shall strictly comply with the Reliability Rules developed by the NYSRC.

3.0 NON-PARTICIPATION IN ENERGY TRANSACTIONS

To assure that the ISO and the ISO Employees maintain independence from any Market Participant, except as otherwise provided or required by the terms of the ISO Agreement, the ISO and ISO Employees are prohibited from engaging in any Energy Transactions other than in the performance of duties under the ISO Tariffs. This provision shall not, however, prevent the ISO and any ISO Employee from purchasing electricity,

power and Energy as retail customers for their own account and consumption.

4.0 TREATMENT OF CONFIDENTIAL AND TRANSMISSION SYSTEM INFORMATION

This Section deals with Confidential Information, including Transmission System Information. Confidential Information consists of: (1) data designated as such in NYPP Operating Policy OP-18 (or its successor); (2) any commercially sensitive information including, without limitation, trade secrets, equipment specific information (e.g., Generator specific data such as heat rates, etc.), and business strategies, affirmatively designated as Confidential Information by its supplier or owner; and (3) Transmission System Information (“TSI”) that has not yet been posted on the OASIS or provided in some public forum such as a FERC filing. TSI is information: (1) that is commercially valuable and (2) access to which is necessary to buy, sell or schedule Energy, Capacity, Ancillary Services or Transmission Service. Examples of TSI include, but are not limited to, the following:

- Available Transfer Capability;
- Total Transfer Capability;
- Information regarding physical Curtailments and Interruptions;
- Information regarding Ancillary Services;
- Pricing for Transmission Service; and
- Discounts offered.

In the course of responding to requests for Energy, Capacity, Transmission Services or Ancillary Services, the ISO shall not disclose Confidential Information to any Market Participant. The ISO shall disclose data that is not Confidential Information, and

information required to be disclosed by FERC, by posting the information on the OASIS. If an ISO Employee improperly discloses TSI to any Market Participant, the ISO shall immediately post the information on the OASIS and notify the Commission.

ISO Employees shall also report all improper disclosures of Confidential Information to the ISO compliance officer (as described in Section 10.0) or its designee immediately. In the case of an Emergency, the ISO may disclose such TSI, and then notify the Commission, posting the information on the OASIS as soon as practicable but no later than twenty-four (24) hours after the information is disclosed.

The procedures described in this Section does not apply to the following:

- (1) communication of TSI between the ISO and the Transmission Owner's control centers, and other power pools or ISOs;
- (2) communication of information from a Market Participant to the ISO;
- (3) information that is no longer Confidential Information because it was made public by posting it on the OASIS; or it was legally disclosed by a third party in good faith and without violating a trade secret, secrecy agreement or employment contract with a non-disclosure clause; or it was made public by a government agency, court or other process of law;
- (4) requests by a Market Participant for a report regarding the status of that Market Participant's particular contracts or transactions. The ISO shall provide all Market Participants requesting such a report the same type and level of detail of information; and

- (5) information that is not listed in NYPP OP-18 and has not been designated by the supplier or owner as Confidential Information.

If Confidential Information is required to be divulged in compliance with an order of a court or regulatory authority having jurisdiction, or a subpoena, the ISO will seek to obtain an appropriate protective order from the court or regulatory authority. The ISO shall notify the parties providing the Confidential Information when such an order or a subpoena is received from a court or regulatory authority, and the ISO shall not be held liable for any losses, consequential or otherwise, resulting from the ISO divulging such Confidential Information pursuant to a subpoena or an order of a court or regulatory authority.

The ISO shall establish procedures for handling Confidential Information that minimize the possibility of intentional or accidental improper disclosure.

5.0 TRAINING

The ISO shall develop procedures to train ISO Employees on the Code, and to assess the effectiveness of the Code in preventing conflicts of interest soon after their hiring or appointment. All ISO Employees will receive annual training thereafter for as long they remain associated with the ISO. All personnel receiving such training shall sign a Compliance Certificate stating that they attended the training, understand the Code, and will not violate it.

6.0 ISO RECORDS

The ISO shall develop and maintain procedures for the handling, safeguarding, use, storage and retention of ISO Records. The ISO shall require all ISO Records to be accurate.

7.0 CONFLICTS OF INTEREST

Certain contacts between the ISO Employees and Market Participants may constitute or appear to constitute a conflict of interest. Potential conflicts of interest and the ISO's ability to restrict actions and duties to avoid potential conflicts are discussed below.

Financial Interests:

Financial interests refer to the ownership of the Securities⁵ of Market Participants or their Affiliates whose primary business purpose is to buy, sell or schedule Energy, Capacity, Ancillary Services or Transmission Services, whether such ownership is direct or through participation in mutual funds concentrating in investments in Market Participants or their Affiliates. The ISO shall compile a list of the current Market Participants and their Affiliates whose Securities trade publicly and will distribute this list to ISO Employees.

In order for the ISO to remain truly independent, free of any control, or appearance of control, of decision-making by any individual Market Participant, ISO Employees must strictly observe the following rules regarding financial interests in Securities of any Market Participant or any of their Affiliates:

- No ISO Employee or their spouse or minor children shall own, control, or hold with power to vote, Securities of a Market Participant or any of their Affiliates; provided, however, any matching contributions made in the Securities of a Market Participant in connection with any savings, pension, or 401(k) plans of a former employee of a Market Participant shall be permitted until the completion of the

⁵ The term "Securities" refers to stocks, stock options, bonds and any other instruments of debt or equity.

transfer, spin off and merger of assets and liabilities of such plans to new plans maintained by the ISO; provided, further that this provision shall not apply to any purchase of Securities of a Market Participant or any Affiliate of such Market Participant by a spouse of an Employee who was, as of the effective date of the ISO OATT, employed by a Market Participant or any Affiliate of such Market Participant and is required to purchase Securities of such Market Participant or Affiliate as a part of his or her employment. Any such purchases by a spouse must be disclosed to the ISO Board which shall have the authority to consider appropriate limitations on the duties of the ISO Employee, including changing his or her duties, to avoid an appearance of a conflict of interest.

- The ISO Board will establish reasonable guidelines with respect to the financial interests of covered consultants or contracts, in accordance with Section 12.0.

ISO Policy on Divestiture of Financial Interests:

If an ISO Employee or his/her immediate family⁶ owns, controls or has the power to vote such Securities, the ISO shall require the divestiture of those Securities within a reasonable time in accordance with the ISO's divestiture procedure set forth below unless material hardship would result. The ISO shall develop a procedure establishing the conditions under which a divestiture would result in material hardship.

If an ISO Employee or member of the ISO Employee's immediate family owns, controls or holds with the power to vote any prohibited Securities, divestiture must occur as

⁶ Immediate family refers to spouse and minor children.

follows: (1) as of the effective date of ISO OATT, divestiture of prohibited Securities must occur within six months; (2) new ISO Employees must divest prohibited Securities within six months of commencement of employment; (3) if ownership, control or the power to vote such Securities results from an entity becoming a Market Participant, divestiture must occur within six months of receipt of the ISO's list of prohibited Securities referencing such Securities; and (4) if ownership, control or the power to vote such Securities is as a result of a gift, inheritance, distribution of marital property or other involuntary acquisition, divestiture must occur within six months of the acquisition.

Ownership of mutual funds by ISO Employees which contain investments in Market Participants or their Affiliates is permitted so long as: (1) the fund is publicly traded; (2) the fund's prospectus does not indicate the objective or practice of concentrating its investment in Market Participants or their Affiliates; and (3) the ISO Employee does not exercise or have the ability to exercise control over the financial interests held by the fund.

Political Activities:

Restrictions on the political activities of ISO Employees are limited only to the extent that ISO Employees may not engage in lobbying activities on behalf of a Market Participant. Beyond this political activity, ISO Employees are not restricted from participating in any legal political activity so long as they do not purport, directly or indirectly, to represent the ISO without authorization.

ISO Employees are not precluded from holding public office so long as upon accepting public office the ISO compliance officer or designee is notified in writing. The ISO Employee's work in the public office must not detract from the ISO Employee's performance

in connection with the ISO, and the ISO Employee shall not represent the ISO in his/her capacity as a public official and shall not use ISO resources for work related to the public office.

Any ISO Employee holding a public office shall abstain from voting or participating in any debate or matters relating to the ISO as part of his/her duties in public office.

Secondary Employment:⁷

ISO Employees shall not take Secondary Employment with a Market Participant or its affiliate nor transact business with a Market Participant or its affiliate other than as a retail customer. ISO Employees may take Secondary Employment with a non-Market Participant if such employment: (1) will not embarrass or discredit the ISO; (2) will not interfere with the duties or involve the use of ISO resources, materials or assets; (3) will not create a conflict of interest for the ISO or the ISO Employee; (4) will not result in any Market Participant receiving an advantage, real or apparent, over other Market Participants with respect to the ISO; and (5) is fully disclosed to the ISO prior to commencement of employment with a Secondary Employer and the ISO compliance officer or designee determines whether the criteria of (1) through (4) are met and then authorizes the Secondary Employment in writing.

Where an ISO Employee takes Secondary Employment with a non-Market Participant, that ISO Employee may not transact business with the ISO on behalf of the

⁷ Secondary Employment refers to participation in (1) a second job (part-time, full-time or project related), or (2) an organization including, without limitation, a corporation, association, partnership or sole proprietorship.

Secondary Employer.

An ISO Director or an individual representative of a member of an ISO committee shall not serve as a representative of a member of the Executive Committee of the NYSRC.

Other Conflicts of Interest:

ISO Employees must not directly or indirectly request or accept any service (other than as a retail customer of a Market Participant receiving electric, gas or steam service for heating, etc.), money, gift, loan or discount from any Market Participant or any of its affiliates. Such gifts should be returned or offers declined with an appropriate explanation. If a gift is not returnable (e.g., perishable), such gift should be given to the compliance officer for donation to a charity or destroyed. ISO Employees shall not accept meals or entertainment from actual or potential Market Participants, except when it would be socially humiliating to decline the meal or entertainment; if an ISO Employee accepts such a meal or entertainment, the ISO Employee shall promptly report such acceptance to the compliance officer.

Acceptance of an offer of anything of more than nominal value, including but not limited to vacations, property, loans, contributions or unpaid services by ISO Employees from a representative of a Market Participant or any of its affiliates shall be considered a conflict of interest.

Engaging in outside non-business activity that materially decreases the impartiality, judgment, or effectiveness of ISO Employees shall also be considered a conflict of interest.

8.0 ADDITIONAL CONTROLS

The ISO shall establish a periodic audit process to verify compliance with the Code

and determine whether conflicts of interest exist. Except where prohibited by law or judicial order, the ISO may request that ISO Employees complete an annual conflict of interest survey requiring disclosure of the ISO Employee's or immediate family member's interests in Market Participants.

The ISO shall require, as a condition precedent to association, that ISO Employees who will have access to Confidential Information agree to reasonable restrictions on future employment following termination of the association.

9.0 TERMINATION OF ASSOCIATION

Upon termination of association with the ISO, an ISO Employee with access to Confidential Information shall not disclose the information to any person outside of the ISO.

Upon termination of employment with the ISO, no ISO Employee shall engage in employment, for a period of one (1) year, within a Market Participant's division, department, branch or other subgroup that is actively transacting business with the ISO where that Market Participant's primary business purpose is to buy, sell or schedule Capacity, Energy, Ancillary Services or Transmission Services.

10.0 VIOLATIONS OF THE CODE

Any ISO Employee who violates or fails to report a known violation may be subject to disciplinary action including suspension or termination of employment. In addition, any ISO Employee that violates the Code may be required to provide restitution to the ISO for financial injury suffered by the ISO as a result of the violation.

The ISO shall assign the responsibility of reviewing compliance with the Code to the ISO compliance officer (e.g., a senior staff member such as the ISO General Counsel) who

will be responsible for interpreting the Code; responding to questions regarding the Code; advising the ISO Employees regarding potential conflicts of interest; overseeing the auditing process; and to follow-up on all suspected violations. The ISO compliance officer may designate one or more individuals to assist in carrying out these responsibilities. The ISO also shall establish a “hot-line” to provide a means to anonymously and confidentially report suspected violations over the telephone.

11.0 ISO PROPERTY AND OTHER ASSETS

ISO property and other assets shall be used only for ISO-related business.

12.0 DETERMINATION BY THE ISO BOARD AS TO CONSULTANTS AND CONTRACTORS

The ISO Board shall apply reasonable and objective criteria as conflicts-of-interest screening guidelines for consultants and contractors. In applying the guidelines to individual cases, the ISO Board will consider the nature of the services provided by the consultant or contractor, whether the consultant or contractor is engaged by the ISO on a substantially full-time basis, whether the consultant or contractor is required to comply with its own professional conflict of interest standard (e.g., attorneys, accountants, etc.), and whether the consultant or contractor will have access to market information. The guidelines will be made known to the appropriate ISO Employees authorized to enter into contracts for outside services, and application of the Board’s criteria by the ISO Employees will be monitored by the ISO compliance officer. In the event that any entity disputes a determination regarding a consultant or contractor, the matter may be referred to ADR, as covered in Section 12 of the ISO OATT.

13.0 WAIVER

Subject to Section 2.0, the ISO Board may grant a waiver of compliance with a specific provision of the Code of Conduct to a Director, or the ISO compliance officer may grant a waiver of compliance to a non-Director ISO Employee, in appropriate cases to avoid unjust or unreasonable results. Each waiver shall be properly disclosed along with an appropriate explanation.

Annual Compliance Certificate

I have received the ISO Procedures and Code of Conduct which I have read, been trained in, and fully understand. I will comply with the Code during and after association with the ISO, to the extent required by the Code.

I am a Director an Officer an ISO Employee.

- a. I have no financial interest in prohibited Securities other than those I still have time to divest of in accordance with the ISO's divestiture policy (or if I do, I have been granted a hardship exception).

- b. I have no other financial or business relationship with a Market Participant that would create a conflict of interest as defined in the Code (or if I do, I have been granted a waiver by the ISO Board or compliance officer).

- c. Since the date that I last signed a Compliance Certificate, I have complied with the rules and policies contained in the Code, except the following matters which I disclose to the management of the ISO (if none, so state):

Signature : _____

Date: _____

Name (print): _____

Title/Position : _____

ATTACHMENT G
NETWORK OPERATING AGREEMENT

For Network Customers that also take service under the ISO Services Tariff, the ISO Services Tariff shall serve as the Network Operating Agreement. For all other Network Customers, the ISO shall negotiate a Network Operating Agreement and file such Agreement with the Commission. These Agreements shall specify the following:

- (1) Provisions for the operation and maintenance of 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.
- (2) Requirements for transfer of data between the ISO, Transmission Owners, and the Network Customer including, but not limited to, bid curves and operational characteristics of Network Resources, generation schedules for units outside of the NYS Transmission System, interchange schedules, unit outputs for redispatch required under Section 35, voltage schedules, loss factors and other real time data.
- (3) Software programs for data links and Constraint dispatching.
- (4) Data requirements on forecasted Loads and resources necessary for long-term planning.
- (5) Any other technical requirements required for implementation of Part III of the Tariff.

ATTACHMENT H

ANNUAL TRANSMISSION REVENUE REQUIREMENT FOR POINT-TO-POINT TRANSMISSION SERVICE AND NETWORK INTEGRATION TRANSMISSION SERVICE

I. TSC

1.0 Applicability of the Transmission Service Charge to Wholesale Customers

Each month, each wholesale Transmission Customer shall pay to the appropriate Transmission Owner the applicable Wholesale Transmission Service Charge (“Wholesale TSC”) calculated in accordance with Section 2.2 of this Attachment for the first two months of LBMP implementation and in accordance with Section 2.1 of this Attachment thereafter. The TSC shall apply to Transmission Service:

- (a) from one or more Interconnection Points between the NYCA and another Control Area to one or more Interconnection Points between the NYCA and another Control Area (“Wheels Through”);
- (b) from the NYCA to one or more Interconnection Points between the NYCA and another Control Area, including transmission to deliver Energy purchased from the LBMP Market and delivered to such a Control Area Interconnection Point (“Exports”); or
- (c) to serve Load within the NYCA; except, the Wholesale TSC shall not apply to:
 - (1) a Transmission Owner’s use of its own system to provide bundled retail service to its Native Load Customers pursuant to a retail service tariff on file with the PSC or, in the case of LIPA, has been approved

Effective: September 1, 1999

by the Long Island Power Authority's Board of Trustees;

- (2) Transmission Service pursuant to an Existing Transmission Agreement whereby the otherwise applicable TSC does not apply pursuant to Attachment K; or
- (3) retail Transmission Service pursuant to any tariff or rate schedule of a Transmission Owner that explicitly provides for other transmission charges in lieu of the Wholesale TSC, subject to any applicable provisions of the Federal Power Act.

Each Transmission Owner subject to FERC and/or PSC jurisdiction may file with FERC a separate TSC applicable to retail access in accordance with its retail access program filed with the PSC. To the extent that LIPA's rates for service are established by the Long Island Power Authority's Board of Trustees pursuant to Article 5, Title 1-A of the New York Public Authorities Law, Section 1020-f(u) and 1020-s and are not subject to FERC jurisdiction, this requirement will not apply to LIPA.

2.0 Wholesale TSC Calculation

Sections 2-6 do not apply to the development of the NYPA TSC which is described in Section 7.

2.1 Wholesale TSC Formula

Beginning with the second month of the Capability Period corresponding to the initial auction for Long Term TCCs through the end of the LBMP Transition Period, each Transmission Owner, except NYPA shall calculate its TSC applicable to Transmission Service to serve Load within or exiting the NYCA at its Transmission District as follows:

$$\text{WHOLESALE TSC} = \{(\text{RR} \div 12) + (\text{CCC} \div 12) + (\text{LTPP} \div 12) - \text{SR} - \text{ECR} - \text{CRR} - \text{WR}\} / (\text{BU} \div 12).$$

Effective: September 1, 1999

Where: RR = The Annual Transmission Revenue Requirement, as described by the individual companies in Section 6 of this Attachment.

CCC = The annual Scheduling, System Control and Dispatch Costs of the individual Transmission Owner (i.e., the transmission component of control center costs) (refer to Table 1 of this Attachment).

LTPP = The Transmission Owner's annual Net LBMP Transition Period Payment ("LTPP") (expressed as a positive value) or receipt (expressed as a negative value) as described in Attachment K, Section 6 (Note - The LTPP will be established once for the entire LBMP Transition Period after the Initial Auction, as defined in Attachment M, for Long Term TCCs). Prior to a 205 Filing under the FPA by the Transmission Owners, the LTPP will be set at zero.

SR = $SR_1 + SR_2$.

SR_1 will equal the revenues from the Direct Sale by the Transmission Owner of Residual TCCs, TCCs derived from Existing Transmission Capacity for Native Load, and Grandfathered TCCs associated with ETAs, the expenses for which are included in the Transmission Owner's Revenue Requirements where the Transmission Owner is the Primary Owner of said TCCs.

SR_2 will equal the Transmission Owner's revenues from the Centralized TCC Auction allocated pursuant to Attachments N. SR_2 includes revenues from: (a) TCCs associated with Residual Transmission Capacity that are sold in the Centralized TCC Auction;

Effective: September 1, 1999

(b) the sale of Grandfathered TCCs associated with ETAs, if the expenses for those ETAs are included in the Transmission Owner's Revenue Requirements; and (c) TCCs derived from Existing Transmission Capacity for Native Load that are sold in the Centralized TCC Auction.

Revenue from TCCs associated with Residual Transmission Capacity includes payments for Residual TCCs that the Transmission Owners sell through the Centralized TCC Auction and the allocation of revenue for other TCCs sold through the Centralized TCC Auction (per the Interface MW - Mile Methodology described in Attachment N).

SR_1 shall be updated prior to the start of each month based on actual data for the calendar month prior to the month in which the adjustment is made (i.e., January actual data will be used in February to calculate the TSC effective in March). SR_1 for a month in which a Direct Sale is applicable shall equal the total nominal revenue that the Transmission Owner will receive under each applicable TCC sold in the Direct Sale divided by the duration of the TCC (in months). SR_2 shall equal the Centralized TCC Auction revenue that the Transmission Owner receives divided equally among the months covered by the Centralized TCC Auction. SR_2 shall be adjusted after each Centralized TCC Auction and the revised SR_2 shall be effective at the start of each Capability Period;

Effective: September 1, 1999

ECR = The Transmission Owner's revenues (expressed as a positive value) or cost (expressed as a negative value) from the allocation of Excess Congestion Rents (Congestion Rents collected by the ISO, less Congestion Payments to Primary Holders), or the Transmission Owner's expenses from the allocation of Congestion Rent Shortfall that exceeds the amount of Excess Congestion Rents (refer to Attachment N);

CRR = The Transmission Owner's Congestion Payments received from Grandfathered TCCs and Imputed Revenues from Grandfathered Rights from ETAs, the expenses for which are included in the Transmission Owner's Revenue Requirement;

WR = The Transmission Owner's revenues from external sales (Wheels Through and Export Transactions) not associated with Existing Transmission Agreements included in Attachment L, Tables 1 and 2 and wheeling revenue, associated with OATT reservations extending beyond the start-up of the ISO.

BU = The Transmission Owner's Billing Units (annual MWh) for the Transmission District (see Table 1 of this Attachment) excluding services the payments for which are included as revenue credits in calculating RR.

The RR, SR and CRR will not include expenses for the Transmission Owner's purchase of TCCs or revenues from the sale of said TCCs or from the collection of Congestion Rents for said TCCs. The ECR, CRR and WR shall be updated prior to the start of each month based on

Effective: September 1, 1999

actual data for the calendar month prior to the month in which the adjustment is made (e.g., January actual data will be used in February to calculate the TSC effective in March). The TSC shall not apply to the scheduled quantities physically Curtailed by the ISO.

2.2 Implementation of TSC

At the start of LBMP implementation, certain variables of the TSC equation will not be available. For the first and second month of LBMP implementation, the only terms in the TSC equation that will be known by each Transmission Owner are its Annual Transmission Revenue Requirement (RR), Scheduling, System Control and Dispatch Costs (CCC), Revenues from the Sale of TCCs in the Transitional Auction (SR₂), Wheeling Revenues Associated with continuing OATT reservations (WR) and Billing Units (BU), which have been approved by or filed with FERC or, in the case of LIPA, approved by the Long Island Power Authority's Board of Trustees. (Billing Units for "metered" retail customers are based on manual meter readings.) For these two months each Transmission Owner shall calculate its TSC using the following equation:

$$\text{WHOLESALE TSC} = [(\text{RR} \div 12) + (\text{CCC} \div 12) - \text{SR}_2 - \text{WR}] / (\text{BU} \div 12)$$

LTPP will not be available until after the Initial Auction as defined in Attachment M for Long Term TCCs. For the third month of LBMP implementation until the second month of the Capability Period corresponding to the initial auction for Long Term TCCs, each Transmission Owner shall calculate its TSC using the following equation:

$$\text{WHOLESALE TSC} = \{(\text{RR} \div 12) + (\text{CCC} \div 12) - \text{SR} - \text{ECR} - \text{CRR} - \text{WR}\} / (\text{BU} \div 12).$$

From the second month of the Capability Period corresponding to the initial auction for Long Term TCCs, until the conclusion of the LBMP Transition Period, the TSC shall be calculated using the equation in Section 2.1.

After the conclusion of the LBMP Transition Period, the LTPP component will no

Effective: September 1, 1999

longer be applicable and each Transmission Owner shall calculate its Wholesale TSC using the following equation:

$$\text{WHOLESALE TSC} = \{(\text{RR} \div 12) + (\text{CCC} \div 12) - \text{SR} - \text{ECR} - \text{CRR} - \text{WR}\} / (\text{BU} \div 12)$$

3.0 Filing and Posting of Wholesale TSCs

The Transmission Owners shall coordinate with the ISO to update certain components of the Wholesale TSC formula on a monthly basis or Capability Period basis. Each Transmission Owner may update its Wholesale TSC calculation to change its RR, CCC, or BU component value(s). Such updates, however, shall be subject to necessary FERC filings under the FPA. Each Transmission Owner will calculate its monthly Wholesale TSC and provide the ISO with the Wholesale TSC by no later than the fourteenth of each month, for posting on the OASIS to become effective on the first of the next calendar month. Beginning with the implementation of LBMP, the monthly Wholesale TSCs for each of the Transmission Districts shall be posted on the OASIS by the ISO no later than the fifteenth of each month to become effective on the first of the next calendar month.

4.0 TSC Calculation Information

The Annual Transmission Revenue Requirements (RR); Scheduling, System Control and Dispatch Costs (CCC), Billing Units (BU) and Rates of the Transmission Owners, except NYPA, for the purpose of calculating the respective Transmission District-based Wholesale TSC are shown in Table 1 below.

TABLE 1 - WHOLESALE TSC CALCULATION INFORMATION

Transmission Owner	Revenue Requirement (RR)	Scheduling, System Control and Dispatch Costs (CCC)	Annual Billing Units (BU) MWh	Rate \$/MWh
Central Hudson Gas & Electric Corp.	\$17,502,505	\$923,100	4,477,402	\$4.1152
Consolidated Edison Co. of NY, Inc.	\$393,400,000	\$22,000,000	45,270,896	\$9.1759
LIPA	\$76,392,503	\$2,175,823	16,618,532	\$4.7278
New York Electric & Gas Corporation	\$117,237,729	\$1,633,000	14,869,877	\$7.9941
Niagara Mohawk Power Corporation	\$185,075,999	\$4,539,625	33,009,615	\$5.7443
Orange and Rockland Utilities, Inc.	\$33,578,482	\$1,288,426	4,729,281	\$7.3726
Rochester Gas and Electric Corporation	\$24,645,000	\$720,578	6,228,774	\$4.0723

5.0 Summary of TSC Calculations

Central Hudson Gas & Electric Corporation

The Annual Transmission Revenue Requirement is based on CHG&E's settlement with FERC in Open Access Tariff Docket No. OA96-14, plus the inclusion of non-firm 1995 FERC Form 1 revenues of \$709,987 (which under LBMP are a function of the congestion credits outlined in the TSC formula). The annual Scheduling, System Control and Dispatch Costs include only CHG&E control center costs based on the settlement with FERC. The Billing Units, based on the 1995 FERC Form 1, page 401, line 22, column b, include Native Load Energy use. This TSC does

Effective: September 1, 1999

not include the Gross Receipts Tax which will be separately stated on the transmission bill where applicable.

Consolidated Edison Company of New York, Inc.

The Annual Transmission Revenue Requirement is based on the 1995 test year in settlement with FERC for Open Access Tariff Docket OA96-138-000, adjusted for imputed revenues from wheeling transactions in FERC accounts 447 and 456, as stipulated with FERC and includes the Gross Receipts Tax. The annual Scheduling, System Control and Dispatch Costs include only Con Edison's control center costs based on the settlement with FERC and also include the Gross Receipts Tax. The Billing Units are based on FERC Form 1, Accounts 400 and 456 reflecting total Energy send-out to Con Edison customers plus wheeling services for NYPA Loads located in Con Edison during 1995.

LIPA

The Annual Transmission Revenue Requirement is based on actual 1998 data and reflects adjustments to transmission plant investment and fixed charge rate and includes Metropolitan Transit Authority and new Gross Receipt tax rates. The Transmission Revenue Requirement is reduced by the projected 1999 revenues from the firm transmission of electricity to the Long Island municipals and other NYPA customers on Long Island using grandfathered contracts. The Annual Scheduling, System Control and Dispatch Costs include only LIPA's control center costs plus Gross Receipts and MTA taxes applicable to the scheduling component. The Billing Units include 1998 retail sales to LIPA's bundled rate customers made under grandfathered contracts.

Effective: September 1, 1999

New York State Electric & Gas Corporation

The Annual Transmission Revenue Requirement is based on NYSEG's March 1997 FERC Open Access Transmission Tariff filing in Docket No. ER97-2353-000. The revenue requirement does not include some revenue credits that NYSEG does not expect to continue receiving under the ISO. The Scheduling, System Control, and Dispatch Costs are identical to NYSEG's Scheduling, System Control, and Dispatch Service Costs in the same FERC Docket. The Billing Units, based on the 1996 FERC Form 1, include Native Load Energy use, instate municipal and cooperative Energy use and firm exports. This TSC rate does not include those taxes NYSEG separately charged under its OATT (i.e., Gross Receipts Tax, sales, excise, value-added or other applicable taxes). The Annual Transmission Revenue Requirement and Scheduling, System Control, and Dispatch Costs may be revised pending the outcome of FERC Docket No. ER97-2353-000.

Niagara Mohawk Power Corporation

The Annual Transmission Revenue Requirement of \$185,075,999 is based upon a 1995 FERC Form 1 base revenue requirement of \$244,059,243, plus the inclusion of non-firm 1995 FERC Form 1 revenues of \$23,243,105 (which under the OATT is a revenue credit, however under LBMP is a function of the congestion credits outlined in the TSC formula), less local control center costs of \$4,539,625 and less revenue credits from existing grandfathered transmission Agreements including firm exports of \$77,726,349. This data was as part of FERC Docket No. OA96-194-000. Niagara Mohawk has filed a proposed settlement to its Open Access Transmission Tariff which incorporates a revenue requirement for consenting parties of \$201,100,320. This settlement proposal does not include local control center costs in the base Revenue Requirement but

Effective: September 1, 1999

rather in the Scheduling, System Control and Dispatch Ancillary Service, and the adjustment for non-firm sales. The Scheduling, System Control and Dispatch Costs include only NMPC control center costs in account 561.00 (Load Dispatch) for calendar year 1995 per the FERC Form 1 Report. The Billing Units, "Sales to Ultimate Consumers," are taken from the same FERC Form 1. This Revenue Requirement rate includes Gross Receipts Tax. The Annual Transmission Revenue Requirement and Scheduling, System Control and Dispatch Costs may be revised depending on the outcome of the filing with FERC.

Orange and Rockland Utilities, Inc.

The Annual Transmission Revenue Requirement was approved by FERC in Docket No. OA96-210-000. The Scheduling, System Control and Dispatch Costs include only O&R control center costs for calendar year 1994 per the FERC Form 1 Report. The Billing Units, taken from the same FERC Form 1, are total customer MWh sales. This TSC rate does not include sales or Gross Receipts which will be separately stated on the transmission bill where applicable.

Rochester Gas & Electric Corporation

The Annual Transmission Revenue Requirement was based on the test year in settlement with FERC in Docket No. OA96-141-000. The Scheduling, System Control and Dispatch Costs include only RG&E control center costs in accounts 556.00 (System Control and Load Dispatching) and 561.00 (Load Dispatch) for calendar year 1995 per the FERC Form 1 Report less the NYPP assessment. The Billing Units, taken from the same FERC Form 1, are total sales to ultimate customers less other sales to Public Authorities. This TSC rate does not include sales or Gross Receipts taxes which will be separately stated on the transmission bill where applicable.

Effective: September 1, 1999

6.0 TSC For Retail Access Customers (RTSC)

Customers who apply for unbundled Transmission Service in accordance with the provisions of a Transmission Owner's retail access program filed with the PSC or, in the case of LIPA, approved by the Long Island Power Authority's Board of Trustees, will be responsible for paying a retail transmission service charge as detailed in Part IV of this Tariff.

7.0 NYPA Transmission Service Charge

The NYPA TSC for service to its directly connected Loads (Reynolds Metals, GM-Massena, Town of Massena and the City of Plattsburgh) shall, at the Eligible Customer's option, be (a) \$1.30 per kilowatt-month or (b) no more than \$3.75 per MWh; not to exceed \$60.00 per MW Day applied to peak MWh scheduled any hour each day; not to exceed \$300.00 per MW-Week applied to the peak MWh scheduled any hour each week. The TSC applicable to service over the Vermont intertie and the Ontario-Hydro intertie shall be the same as (b). The TSC applicable to service over the Hydro-Quebec intertie shall be no more than \$4.62 per MWh; not to exceed \$73.85 per MW-Day applied to peak MWh scheduled each day; not to exceed \$369.23 per MW-Week applied to the peak MWh scheduled any hour each week. NYPA shall coordinate with the ISO to update its TSC. Such updates shall be subject to FERC filings.

8.0 Discounting

Each Transmission Owner may advise the ISO of discounts to its TSC applicable during a specified period to all deliveries to a particular Interconnection between the NYCA and another Control Area. The ISO shall post the discounts on the OASIS for the specified period.

Effective: September 1, 1999

Three principal requirements apply to discounts for Transmission Service as follows:

(1) any offer of a discount made by a Transmission Owner must be announced to all Eligible Customers solely by posting on the OASIS; (2) any customer-initiated requests for discounts (including requests for use by a Transmission Owner's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS; and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount that the Transmission Owner agrees to and advises the ISO of, the same discounted Transmission Service rate will be offered to all Transmission Customers for the same period for all deliveries to a particular Interconnection between the NYCA and another Control Area. The ISO will post the discounts on the OASIS for the specified period.

TABLE 2

**Applicable Wholesale TSC for Exports from
New York State, by Transmission Circuit**

Ckt.Id	From/To	kV	From Co./To Ext.	Wholesale TSC Paid
5018	Ramapo / Branchburg	500	O&R/PJM	Con Ed/O&R
398	Pleasant Valley/ Long Mtn	345	CHG&E / NE	Con Ed
B3402	Farragut / Hudson	345	Con Ed / PJM	Con Ed
C3403	Farragut / Hudson	345	Con Ed / PJM	Con Ed
A2253	Goethals / Linden	230	Con Ed / PJM	Con Ed
FE	Smithfield / Falls Village	69	CHG&E/NE	CHG&E
1385	Northport / Norwalk ¹	138	LIPA / NE	LIPA
393	Alps / Berkshire	345	NMPC / NE	NMPC
69	So. Ripley / Erie East	230	NMPC / PJM	NMPC
E205W	Rotterdam / Bear Swamp	230	NMPC / NE	NMPC
BP76	Packard / Beck	230	NMPC / OH	NMPC
171	Falconer / Warren	115	NMPC / PJM	NMPC
6	Hoosick / Bennington	115	NMPC / NE	NMPC
7	Whitehall / Blissville	115	NMPC / NE	NMPC
1	Dennison / Rosemont	115	NMPC / HQ	NMPC
2	Dennison / Rosemont	115	NMPC / HQ	NMPC
37-HS	Stolle Road / Homer City	345	NYSEG / PJM	NYSEG
30-HW	Watercure / Homer City	345	NYSEG / PJM	NYSEG
70-EH	Hillside / East Towanda	230	NYSEG / PJM	NYSEG
952	Goudey / Laurel Lake	115	NYSEG / PJM	NYSEG
956	No. Waverly / East Sayre	115	NYSEG / PJM	NYSEG
J	So. Mahwah / Waldwick	345	O&R / PJM	Con Ed/O&R
K	So. Mahwah / Waldwick	345	O&R / PJM	Con Ed/O&R
7040	Massena / Chateaugay	765	NYPA / HQ NYPA	NYPA
PA302	Niagara / Beck A	345	NYPA / OH	NYPA
PA301	Niagara / Beck B	345	NYPA / OH	NYPA
L34P	Moses / St. Lawrence	230	NYPA / OH	NYPA
L33P	Moses / St. Lawrence	230	NYPA / OH	NYPA
PA27	Niagara / Beck	230	NYPA / OH	NYPA

¹ All scheduling over the Northport - Norwalk Intertie is conducted by LIPA pursuant to Section 5.7 of this Tariff.

PV-20	Plattsburgh / Grand Isle	115	NYPA / NE	NYPA
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TABLE 3
Applicable Wholesale TSC for Municipal Utilities,
Electric Cooperatives and Loads

Except for those municipal utilities and electric cooperatives that continue to take transmission service under an Existing Transmission Agreement, the following Loads shall be obligated to pay the noted Transmission District - based TSC as applicable in accordance with Section 7 of this Tariff.

Load	TSC Paid	Load	TSC Paid	Load	TSC Paid
		Greene	NYSEG	Sherrill	NMPC
		Green Island	NMPC	Silver Springs	NYSEG
		Greenport	LIPA	Skaneateles	NMPC
		Groton	NYSEG	Solvay	NMPC
		Hamilton	NYSEG	Spencerport	RG&E
		Holley	NMPC	Springville	NMPC
		Ilion	NMPC	Steuben	NYSEG
Akron	NMPC	Lake Placid	NMPC	Theresa	NMPC
Andover	NMPC	Little Valley	NMPC	Tupper Lake	NMPC
Angelica	RG&E	Marathon	NYSEG	Watkins Glen	NYSEG
Arcade	NMPC	Mayville	NMPC	Wellsville	NMPC
Bath	NYSEG	Mohawk	NMPC	Westfield	NMPC
Bergen	NMPC	Oneida -Madison	NMPC/ NYSEG	Massena	NYPA
Boonville	NMPC	Otsego	NYSEG	Freeport	LIPA
Brolton	NMPC	Penn Yan	NYSEG	Jamestown	NMPC
Castile	NYSEG	Philadelphia	NMPC	Rockville Ctr.	LIPA
Churchville	NMPC	Plattsburgh	NYPA	Alcoa	(1)
Delaware	NYSEG	Richmondville	NMPC	Reynolds	NYPA
Endicott	NYSEG	Rouses Point	NYSEG	Gen. Motors (Massena, NY)	NYPA
Fairport	NMPC	Salamanca	NMPC	Cornwall	NMPC
Frankfort	NMPC	Sherburne	NYSEG		

Notes: (1) - Load is treated as an entity external to the NYCA.

Effective: September 1, 1999

II. NYPA TRANSMISSION ADJUSTMENT CHARGE (“NTAC”)

1.0 Applicability of the NYPA Transmission Adjustment Charge

Each month, the ISO shall charge, and each Transmission Customer shall pay, the applicable NYPA Transmission Adjustment Charge (“NTAC”) calculated in accordance with Section 2.2 of this Attachment for the first two (2) months of LBMP and in accordance with Section 2.1 of this Attachment thereafter. The NTAC shall apply to Transmission Service:

- (a) from one or more Interconnection Points between the NYCA and another Control Area to one or more Interconnection Points between the NYCA and another Control Area (Wheels Through); or
- (b) from the NYCA to one or more Interconnection Points between the NYCA and another Control Area, including transmission to deliver Energy purchased from the LBMP Market and delivered to such a Control Area Interconnection (Exports); or
- (c) to serve Load within the NYCA.

In summary the NTAC will be applied to all Energy Transactions, including internal New York State Loads and Wheels Through and Exports out of the NYCA at a uniform, non-discountable rate.

Effective: September 1, 1999

2.0 NTAC CALCULATION

2.1 NTAC Formula

Beginning with the second month of the Capability Period corresponding to the first Centralized TCC Auction, NYPA shall calculate the NTAC applicable to Transmission Service to serve New York State Load, Wheels Through and Exports as follows:

$$\text{NTAC} = \{(\text{RR} \div 12) - (\text{EA}) - (\text{IR} \div 12) - \text{SR} - \text{CRN} - \text{WR} - \text{ECR}\} / (\text{BU} \div 12)$$

Where:

RR= NYPA's Annual Transmission Revenue Requirement, which includes the Scheduling, System Control and Dispatch Costs of NYPA's control center, as approved by FERC;

EA= Monthly Net Revenues from Modified Wheeling Agreements, Facility Agreements and Third Party TWAs, and Deliveries to directly connected Transmission Customers;

SR= $\text{SR}_1 + \text{SR}_2$

SR_1 will equal the revenues from the Direct Sale by NYPA of Residual TCCs, and Grandfathered TCCs associated with ETAs, the expenses for which are included in NYPA's Revenue Requirement where NYPA is the Primary Owner of said TCCs.

SR_2 will equal NYPA's revenues from the Centralized TCC Auction allocated pursuant to Attachment M; this includes revenues from: (a) TCCs associated with Residual Transmission Capacity that are sold in the Centralized TCC Auction; and (b)

Effective: September 1, 1999

the sale of Grandfathered TCCs associated with ETAs, if the expenses for these ETAs are included in NYPA's Revenue Requirement.

Revenue from TCCs associated with Residual Transmission Capacity includes payments for Residual TCCs that the Transmission Providers sell through the Centralized TCC Auction and the allocation of revenue for other TCCs sold through the Centralized TCC Auction (per the Interface MW-Mile Methodology described in Attachment K).

SR_1 shall be updated prior to the start of each month based on actual data for the calendar month prior to the month in which the adjustment is made (i.e. January actual data will be used in February to calculate the NTAC effective in March). SR_1 for a month in which a Direct Sale is applicable shall equal the total nominal revenue that NYPA will receive under each applicable TCC sold in a Direct Sale divided by the duration of the TCC (in months).

SR_2 shall equal the Auction revenue that NYPA receives divided equally among the months covered by the Centralized TCC Auction. SR_2 shall be adjusted after each Centralized TCC Auction, and the revised SR_2 shall be effective at the start of each Capability Period;

ECR= NYPA's revenues (expressed as a positive value) or cost (expressed as a negative value) from the allocation of Excess Congestion Rents (Congestion Rents collected by the ISO, less congestion payments to Primary Holders) or NYPA's expenses from

Effective: September 1, 1999

the allocation of Congestion Rent Shortfall that exceeds the amount of Excess Congestion Rents (See Attachment K). The computation of ECR is exclusive of any Congestion payments or Rents included in the CRN term;

CRN= Monthly Congestion Rents in excess of those required to offset Congestion paid by NYPA's SENY governmental customers associated with the NYPA OATT Niagara/St. Lawrence Service reservations, net of the Initial Cost.

IR = A. The amount that NYPA will credit to its RR assessed to the SENY Load on account of the foregoing NYPA Niagara/St. Lawrence OATT reservations for SENY governmental customers. Such annual revenues will be computed as the product ("Initial Cost") of NYPA's current OATT system rate of \$2.23 per kilowatt per month and the 600 MW of TCCs (or the amount of TCCs reduced by Paragraph C below). In the event NYPA sells these TCCs (or any part thereof), all revenues from these sales will offset the NTAC and the Initial Cost will be concomitantly reduced to reflect the net amount of Niagara/St. Lawrence OATT Reservations, if any, retained by NYPA for the SENY Load. The parties hereby agree that the revenue offset to NTAC will be the greater of the actual sale price obtained by NYPA for the TCCs sold or that computed at the applicable system rate in accordance with Paragraph B below;

B. The system rate of \$2.23 per kilowatt per month will be benchmarked to the RR for NYPA transmission initially accepted by FERC ("Base Period RR") for the

Effective: September 1, 1999

purposes of computing the Initial Cost. Whenever an amendment to the RR is accepted by FERC (“Amended RR”), the system rate for the purpose of computing the Initial Cost will be increased (or decreased) by the ratio of the Amended RR to the Base Period RR and the effect of Paragraph A on NTAC will be amended accordingly.

C. If prior to the Centralized TCC Auction all Grandfathered Transmission Service including NYPA's 600 MW Niagara/St. Lawrence OATT reservations held on behalf of its SENY governmental customers are found not to be feasible, then such OATT reservations will be reduced until feasibility is assured. A reduction, subject to a 200 MW cap on the total reduction as described in Attachment M, will be applied to the NYPA Niagara/St. Lawrence OATT reservations held on behalf of its SENY governmental customers.

WR= NYPA’s revenues from external sales (Wheels Through and Exports) not associated with Existing Transmission Agreements in Attachment L, Tables 1 and 2 and Wheeling revenues from OATT reservations extending beyond the start-up of the ISO;

BU= Annual Billing Units are New York State Loads and Loads associated with Wheels Through and Exports in megawatt-hours (“MWh”).

The RR and SR will not include expenses for NYPA’s purchase of TCCs or revenues from the sale of such purchased TCCs or from the collection of Congestion Rents for such TCCs.

Effective: September 1, 1999

The ECR, EA, CRN and WR shall be updated prior to the start of each month based on actual data for the calendar month prior to the month in which the adjustment is made (i.e., January actual data will be used in February to calculate the NTAC effective in March).

The NTAC shall be calculated as a \$/MWh charge and shall be applied to Actual Energy Withdrawals, except for Wheels Through and Exports in which case the NTAC shall be applied to scheduled Energy quantities. The NTAC shall not apply to scheduled quantities that are Curtailed by the ISO.

2.2 Implementation of NTAC

At the start of LBMP implementation certain variables of the NTAC equation will not be available. For the first and second months of LBMP implementation, the only terms in the NTAC equation that will be known by NYPA are its historical Annual Transmission Revenue Requirement (RR) and the historical Billing Units (BU), which have been approved by or filed with FERC. For these two months NYPA shall calculate the NTAC using the following equation:

$$\text{NTAC} = \{(\text{RR} \div 12) - (\text{EA}) - (\text{IR} \div 12)\} / (\text{BU} \div 12)$$

SR₂ shall not be available until after the first Centralized TCC Auction. For the third month of LBMP implementation until the second month of the Capability Period corresponding to the first Centralized TCC Auction, NYPA shall recalculate the NTAC using the following equation:

$$\text{NTAC} = \{(\text{RR} \div 12) - (\text{EA}) - (\text{IR} \div 12) - \text{WR} - \text{CRN} - \text{SR}_1 - \text{ECR}\} / (\text{BU} \div 12)$$

Effective: September 1, 1999

Prior to and during implementation of LBMP those current NYPA transmission customers wishing to terminate their Third Party TWAs shall notify the ISO. The ISO shall duly inform NYPA of such conversion so that NYPA can calculate revenues (EA) to be derived from Existing Transmission Wheeling Agreements.

2.3 NYPA's recovery pursuant to NTAC initially is limited to expenses and return associated with its transmission system as that system exists at the time of FERC approval of the NTAC ("base period revenue requirement"). Additions to its system may be included in the computation of NTAC only if: a) upgrades or expansions do not exceed \$5 million on an annual basis; or b) such upgrades or expansions have been unanimously approved by the Transmission Owners. Notwithstanding the above, NYPA may invest in transmission facilities in excess of \$5 million annually without unanimous Transmission Owners' authorization outside the NTAC recovery mechanism. In that case, NYPA cannot recover any expenses or return associated with such additions under NTAC and any TCC or other revenues associated with such additions will not be considered NYPA transmission revenue for purposes of developing the NTAC nor be used as a credit in the allocation of NTAC to transmission system users.

3.0 Filing and Posting of NTAC

NYPA shall coordinate with the ISO to update certain components of the NTAC formula on a monthly or Capability Period basis. NYPA may update the NTAC calculation to change the RR, initially approved by FERC, and BU components. Such updates shall be submitted to FERC. An integral part of the agreement between the other Transmission Owners and NYPA is NYPA's

Effective: September 1, 1999

consent to the submission of its RR for FERC review and approval on the same basis and subject to the same standards as the Revenue Requirements of the Investor-Owned Transmission Owners. Prior to the start of the second year of LBMP implementation, the ISO shall inform NYPA of the prior year's actual New York internal Load requirements and the actual Wheels Through and Exports. NYPA will calculate the monthly NTAC and provide this information to the ISO by no later than the fourteenth day of each month, for posting on the OASIS to become effective on the first day of the next calendar month. Beginning with LBMP implementation, the monthly NTAC shall be posted on the OASIS by the ISO no later than the fifteenth day of each month to become effective on the first day of the next calendar month.

4.0 NTAC Calculation Information

NYPA's Annual Transmission Revenue Requirement (RR), for facilities owned as of January 31, 1997, and Annual Billing Units (BU) of the NTAC are:

$$\mathbf{RR = \$165,449,297}$$

$$\mathbf{BU = 133,386,541MWh}$$

NYPA's Annual Transmission Revenue Requirement is subject to Commission approval in accordance with Part II, Section 3 of this Attachment.

5.0 Billing

The New York State Loads, Wheels Through, and Exports will be billed based on the

Effective: September 1, 1999

product of: (i) the NTAC; and (ii) the Customer's billing units for the month. The billing units will be based on the monthly metered energy for all Transactions to supply Load in the NYCA, and hourly Energy schedules for all Wheels Through and Exports. LSEs serving retail access Load will be charged an NTAC consistent iwth each Transmission Owner's retail access program.

ATTACHMENT I

INDEX OF NETWORK INTEGRATION TRANSMISSION SERVICE CUSTOMERS

ATTACHMENT J

I. LBMP CALCULATION METHOD

The Locational Based Marginal Prices (“LBMPs”) for Generators and Loads will be based on the system marginal costs produced by either the Security Constrained Dispatch (“SCD”) program for Real-Time Market prices, or the Security Constrained Unit Commitment (“SCUC”) program for Day-Ahead Market prices. These will be utilized in an *ex post* computation to produce LBMP bus prices using the following equations.

The LBMP at bus *i* can be written as :

$$\gamma_i = \lambda^R + \gamma_i^L + \gamma_i^C$$

Where:

- γ_i = LBMP at bus *i* in \$/MWh
- λ^R = the system marginal price at the Reference Bus
- γ_i^L = Marginal Losses Component of the LBMP at bus *i* which is the marginal cost of losses at bus *i* relative to the Reference Bus
- γ_i^C = Congestion Component of the LBMP at bus *i* which is the marginal cost of Congestion at bus *i* relative to the Reference Bus

The Marginal Losses Component of the LBMP at any bus i within the NYCA is calculated using the equation:

$$\gamma_i^L = (DF_i - 1)\lambda^R$$

Where:

DF_i = delivery factor for bus i to the system Reference Bus

And:

$$DF_i = \left(1 - \frac{\partial L}{\partial P_i} \right) \text{ Where:}$$

L = system losses; and

P_i = generation injection at bus i

P_i^C = The Congestion Component of the LBMP at bus i is calculated using the equation:

$$\gamma_i^C = - \left(\sum_{k \in K} GF_{ik} \mu_k \right)$$

Where:

K = the set of thermal or Interface Constraints;

GF_{ik} = Shift Factor for the Generator at bus i on Constraint k in the pre- or post-Contingency case which limits flows across that Constraint the Shift Factor measures the incremental change in flow on Constraint k , expressed in per unit, for an increment of generation at bus i and a corresponding decrement of generation at the Reference Bus); and

μ_k = the reduction in system cost that results from an incremental relaxation of Constraint k expressed in \$/MWh.

Substituting the equations for γ_i^L and γ_i^C into the first equation yields:

$$\gamma_i = \lambda^R + (DF_i - 1)\lambda^R - \sum_{k \in K} GF_{ik} \mu_k$$

The SCD program execution in a given interval may terminate without observing the limits on all Constraints, usually due to Generator ramp rate limitations on the dispatch. Under these conditions, rules have been developed which the ISO will use to set Generator output levels and to calculate LBMPs. These rules state that the LBMPs are to be calculated from the output of the SCD execution in which Constraints were violated. Prices calculated in this manner closely reflect the marginal cost of Energy on the system. However, the

Generator output levels will be set by a second SCD execution in which Generator ramp rate constraints are relaxed. This execution of SCD usually eliminates the Constraint violations and will provide the dispatcher with information to correct the situation. Often Generators will be able to operate at the levels set in the second SCD execution, since they frequently can change their output levels at rates exceeding those included in the Bid data provided to the ISO. Failure to achieve the output levels determined in the second SCD execution will not cause the Generator's performance ratings in the Performance Tracking System to be adversely affected.

LBMPs will be calculated for the Day-Ahead and the Real-Time Markets. In the Day-Ahead Market, the three components of the LBMP at each location will be calculated from

the SCUC results and posted for each of the twenty-four (24) hours of the next day. The Real-Time LBMPs will be calculated and posted for each execution of SCD.

Zonal LBMP Calculation Method

The computation described above is at the bus level. This will be suitable for Generator buses because adequate metering is available, or will be provided, to measure Real-Time injections. An eleven (11) zone model will be used for the LBMP billing related to Loads. The LBMP for a zone will be a Load weighted average of the Load bus LBMPs in the zone. The Load weights which will sum to unity will be predetermined by the ISO. Each component of the LBMP for a zone will be calculated as a Load weighted average of the Load bus LBMP components in the zone. The LBMP for a zone *j* can be written as:

$$\gamma_j^Z = \lambda^R + \gamma_j^{L,Z} + \gamma_j^{C,Z}$$

where: γ_j^Z = LBMP for zone *j*,

$$\gamma_j^{L,Z} = \sum_{i=1}^n W_i \gamma_i^L \quad \text{is the Marginal Losses Component of the LBMP for zone } j;$$

$$\gamma_j^{C,Z} = \sum W_i \gamma_i^C \quad \text{is the Congestion Component of the LBMP for zone } j;$$

n = number of load buses in zone *j* for which LBMPs are calculated; and

W_i = load weighting factor for bus *i*.

Until the ISO's software can compute LBMPs at Load buses, the zonal LBMPs will be a weighted average of the Generator bus LBMPs in the zone. The weightings will be predetermined by the ISO.

LBMP Prices for External Locations

External Generators and Loads can bid into the LBMP Market or participate in Bilateral Transactions. External Generators may arrange Bilateral Transactions with Internal or External Loads and External Loads may arrange Bilateral Transactions with Internal Generators.

The Generator and Load locations for which LBMPs will be calculated will initially be limited to a pre-defined set of buses External to the NYCA. LBMPs will be calculated for each bus within this limited set. The three components of LBMP will be calculated from the results of SCD and posted in the Day-Ahead and Real-Time Markets as described above, except that the Marginal Losses Component of LBMP will be calculated differently for Internal locations. The Marginal Losses Component of the LBMP at each bus, as described above, includes the difference between the marginal cost of losses at that bus and the Reference Bus. If this formulation were employed for an External bus, then the Marginal Losses Component would include the difference in the cost of Marginal Losses for a section of the transmission system External to the NYCA. Since the ISO will not charge for losses incurred externally, the formulation will exclude these loss effects. To exclude these External loss effects, the Marginal Losses Component will be calculated from points on the boundary of the NYCA to the Reference Bus.

The Marginal Losses Component of the LBMP at the External bus will be a weighted average of the Marginal Losses Components of the LBMPs at the Interconnection Points. To derive the Marginal Losses Component of the LBMP at an External location, a Transaction will be assumed to be scheduled from the External bus to the Reference Bus. The Shift Factors for this Transaction on the tie lines into these Interconnection buses, which measure the per-unit effect of flows over each of those tie lines that results from the hypothetical transaction, will provide the weights for this calculation. Since all the power from this assumed Transaction crosses the NYCA boundary, the sum of these weights is unity.

The sum of the products of these Shift Factors and the Marginal Losses Component of the LBMP at each of these Interconnection buses yields the Marginal Losses Component of

the LBMP that will be used for the External bus. Therefore, the Marginal Losses Component of the LBMP at an External bus E is calculated using the equation:

$$\gamma_E^L = \sum_{b \in I} F_{Eb} (DF_b - 1) \lambda^R$$

where:

γ_E^L = Marginal Losses Component of the LBMP at an External bus E;

F_{Eb} = Shift Factor for the tie line going through bus b, computed for a hypothetical Bilateral Transaction from bus E to the Reference Bus;

$(DF_b - 1) \lambda^R$ = Marginal Losses Component of the LBMP at bus b; and

I = The set of Interconnection buses between the NYCA and adjacent Control Areas.

II. ACCOUNTING FOR TRANSMISSION LOSSES

1.0 Charges

Subject to Attachment K of this Tariff, the ISO shall charge all Transmission Customers for transmission system losses based on the marginal cost of losses on either a bus or zonal basis, described below.

1.1 Loss Matrix

The ISO's Security Constrained Dispatch ("SCD") program will use a loss matrix (referred to as a B matrix) and penalty factors to estimate and model losses in performing generation dispatch and billing functions for losses.

1.2 Residual Loss Payment

The ISO will determine the difference between the payments by Transmission

Customers for losses and the payments to Suppliers for losses associated with all Transactions (LBMP Market or Transmission Service under Parts II, III, and IV of this Tariff) for both the Day-Ahead and Real-Time Markets. The accounting for losses at the margin may result in the collection of more revenue than is required to compensate the Generators for the Energy they produced to supply the actual losses in the system. This over collection is termed residual loss payments. The ISO shall calculate residual loss payments revenue on an hourly basis and will credit them against the ISO's Residual Adjustment (See Rate Schedule 1).

2.0 Computation of Residual Loss Payments

2.1 Marginal Losses Component LBMP

The ISO shall utilize the Marginal Losses Component of the LBMP on an internal bus, an external bus, or a zone basis for computing the marginal contribution of each Transaction to the system losses. The computation of these quantities is described in this Attachment.

2.1.1 Marginal Losses Component Day-Ahead

The ISO shall utilize the Marginal Losses Component computed by the ISO's Security Constrained Unit Commitment ("SCUC") program for computing the marginal contributions of each Transaction in the Day-Ahead Market.

2.1.2 Marginal Losses Component Real-Time

The ISO shall utilize the Marginal Losses Component computed by the ISO's Security Constrained Dispatch ("SCD") program for computing the Marginal Losses Component associated with each Transaction scheduled in the Real-Time Market (or deviations from Transactions scheduled in the Day-Ahead Market). The computations will be performed on a SCD interval basis and aggregated to an hourly total.

2.2 Charges

Charges to reflect the impact of Energy consumed by each Load, or transmitted by each Transmission Customer on Marginal Losses Component shall be determined as follows. Each of these charges may be negative.

Day-Ahead Charges

As part of the LBMP charged to all LSEs scheduled Day-Ahead to purchase Energy from the LBMP Market, the ISO shall charge each such LSE the product of: (a) the withdrawal scheduled Day-Ahead in each Load Zone by that LSE in each hour, in MWh; and (b) the Marginal Losses Component of the Day-Ahead LBMP in that Load Zone, in \$/MWh.

As part of the TUC charged to all Transmission Customers whose transmission service has been scheduled Day-Ahead, the ISO shall charge each such Transmission Customer the product of: (a) the amount of Energy scheduled Day-Ahead to be injected and withdrawn by that Transmission Customer in each hour, in MWh; and (b) the Marginal Losses Component of the Day-Ahead LBMP at the Point of Delivery (i.e., Load Zone in which Energy is scheduled to be withdrawn or the bus where Energy is scheduled to be withdrawn under if Energy is scheduled to be withdrawn at a location outside the NYCA), minus the Marginal Losses Component of the Day-Ahead LBMP at the Point of Receipt, in \$/MWh.

Real-Time Charges

As part of the LBMP charged to all LSEs scheduled Day-Ahead to purchase Energy from the LBMP Market, the ISO shall charge each such LSE the product of: (a) the Actual Energy Withdrawals by that LSE in each Load Zone in each hour, minus the Energy withdrawal scheduled Day-Ahead in that Load Zone by that LSE for that hour, in MWh; and (b) the Marginal Losses Component of the Real-Time LBMP in that Load Zone, in \$/MWh.

As part of the TUC charged to all Transmission Customers whose transmission service was scheduled after the determination of the Day-Ahead schedule, or who schedule additional transmission service after the determination of the Day-Ahead schedule, the ISO shall charge each such Transmission Customer the product of: (a) the amount of Energy scheduled (as of the BME) to be injected and withdrawn by that Transmission Customer in each hour, minus the amount of Energy scheduled Day-Ahead to be injected and withdrawn by that Transmission Customer in that hour, in MWh; and (b) the Marginal Losses Component of the Real-Time LBMP at the Point of Delivery (i.e., the Load Zone in which Energy is scheduled to be withdrawn or the external bus where Energy is scheduled to be withdrawn if Energy is scheduled to be withdrawn at a location outside the NYCA), minus the Marginal Losses Component of the Real-Time LBMP at the Point of Receipt, in \$/MWh.

III. TRANSMISSION SERVICE CURTAILMENT

1.0 ISO's General Responsibilities

The ISO shall evaluate requests for transmission service submitted in the Day-Ahead scheduling process using Security Constrained Unit Commitment ("SCUC"), and will subsequently establish a Day-Ahead schedule. During the Dispatch Day, the ISO shall use the Balancing Market Evaluation (BME) to establish schedules for each hour of dispatch in that day.

If required by SCD, the ISO shall Curtail transmission service during dispatch as described in this Attachment.

2.0 Use of Decremental Bids to Dispatch Internal Generators

When dispatching Generators to match changing conditions, the ISO shall treat Decremental Bids and Incremental Bids simultaneously and identically as follows: (i) a generating facility selling energy in the LBMP Market may be dispatched downward if the LBMP at the Point of Receipt falls below the generating facility's Incremental Bid; (ii) a Generator serving a transaction scheduled under this Tariff may be dispatched downward if the LBMP at the Generator's Point of Receipt falls below the Decremental Bid for the Generator; (iii) a Supplier's Generator may be dispatched upward if the LBMP at the Generator's Point of Receipt rises above the Decremental or Incremental Bid for the Generator regardless of whether the Generator is supplying Energy to the LBMP Market or supporting a transaction scheduled under this Tariff.

3.0 Default Decremental Bids

If an optional Decremental Bid is not provided, the ISO shall assign and post a default Decremental Bid. The default Decremental Bid will be based upon a large, negative value to be applied between 0 MW and the total amount (in MW) of the transmission service. If a Transmission Customer who is using Grandfathered Rights to schedule transmission service in the Day-Ahead Market does not provide a Decremental Bid in association with that transmission service the ISO shall assign a default Decremental Bid equal to the lowest Decremental Bid that can be entered by a unit bidding into SCUC (as constrained by limitations of the bidding software), minus an additional \$100/MWh.

4.0 Day-Ahead Schedules

The ISO shall compute all NYCA Interface Transfer Capabilities prior to scheduling Transmission Service Day-Ahead. The ISO shall run the SCUC utilizing the computed Transfer Capabilities, submitted Firm Point-to-Point Transmission Service and Network Integration Transmission service schedules, Load forecasts, and submitted Incremental and Decremental Bids.

In the Day-Ahead schedule, the ISO shall use the SCUC to determine Generator schedules, Transmission Service schedules and DNIs with adjacent Control Areas. The ISO shall not use Decremental Bids submitted by Transmission Customers for Generators associated with Non-Firm Point-to-Point Transmission Service in the determination of the Day-Ahead schedule.

5.0 Reduction and Curtailment

If a Transmission Customer's Firm Point-to-Point Transmission Service or Network

Integration Transmission Service is supporting an Internal Bilateral Transaction, an Export, or an Import, the ISO shall not Reduce the Transmission Service.

If the Transaction was scheduled in the Day-Ahead Market, and the Day-Ahead Schedule for the Generator designated as the supplier of Energy for that Bilateral Transaction called for that Generator to produce less Energy that was scheduled Day-Ahead to be consumed in association with that Transaction, the ISO shall supply the Load or Transmission Customer in an Export with Energy from the Day-Ahead LBMP Market. The Transmission Customer shall continue to pay the Day-Ahead TUC based on the Day-Ahead schedule of the Transactions, and in addition, the Generator shall pay the Day-Ahead LBMP price, at the Point of Receipt for the Transaction, for the replacement amount of Energy (in MWh) purchased in the LBMP Market.

If the Transaction was scheduled following the Day-Ahead Market, or the schedule for the Transaction was revised following the Day-Ahead Market, then the ISO will also supply the Load or Transmission Customer in an Export with Energy from the Real-Time LBMP Market if necessary. If (1) the Generator designated to supply the Transaction is an Internal Generator, and it has been dispatched to produce less than the amount of Energy that is scheduled hour-ahead to be consumed in association with that Transaction; or (2) if the Generator designated to supply the Transaction is an External Generator, and the amount of Energy it has been scheduled an hour ahead to produce (modified for any within-hour changes in DNI, if any) is less than the amount of Energy scheduled hour-ahead to be consumed in association with that Transaction; then the Transmission Customer shall pay the Real-Time TUC for the amount of Energy scheduled in the BME to be transmitted in association with

that Transaction minus the amount of Energy scheduled Day-Ahead to be transmitted in association with that Transaction. In addition, to the extent that it has not purchased sufficient replacement Energy in the Day-Ahead Market, the Generator shall pay the Real-Time LBMP price, at the Point of Injection for the Transaction, for any additional replacement Energy (in MWh) necessary to serve the Load. (In cases where Export Transactions are Curtailed by the actions of operators of other Control Areas, the amount of Energy scheduled Day-Ahead to be consumed in association with such Transactions shall be revised to reflect the effects of any such Curtailments.)

If the Transmission Customer was receiving Non-Firm Point-to-Point Transmission Service, and its Transmission Service was Reduced or Curtailed, the replacement Energy may be purchased in the Real-Time LBMP Market by the Internal Load. An Internal Generator supplying Energy for such a Transmission Service that is Reduced or Curtailed may sell its excess Energy in the Real-Time LBMP Market.

The ISO shall not automatically reinstate Non-Firm Point-to-Point Transmission Service that was Reduced or Curtailed. Transmission Customers may submit new schedules to restore the Non-firm Point-to-Point Transmission Service in the next BME execution.

If a security violation occurs or is anticipated to occur, the ISO shall attempt to relieve the violation using the following procedures:

- (i) Reduce non-Firm Point-to-Point Transmission Service: Partially or fully physically curtail External non-Firm Transmission Service (Imports, Exports and Wheels-Through) by changing DNI schedules to (1) curtail those in the

lowest NARC priority categories first; (2) curtail within each NERC priority category based on Decremental Bids; and (3) prorate Curtailment if Decremental Bids within a priority category are equal.

- (ii) Curtail non-Firm Point-to-Point Transmission Service: Curtail (through changing DNI) unscheduled non-Firm Transactions which contribute to the violation, starting with the lowest NERC priority category.
- (iii) Dispatch Internal Generators, based on Incremental and Decremental Bids, including committing additional resources, if necessary;
- (iv) Adjust the DNI associated with Transactions supplied by External Resources: Curtail External Firm Transactions until the constraint is relieved by (1) Curtailing based on Decremental Bids, and (2) prorating Curtailment if Decremental Bids are equal;
- (v) Request Internal Generators to voluntarily operate in manual mode below minimum or above maximum dispatch able levels. When operating in manual mode, Generators will not be required to adhere to the one percent minimum ramp rate set forth in Section 4.0 of this Tariff, nor will they be required to be respond to SCD Base Point Signals;
- (vi) In over generation conditions, decimate Internal Generators based on minimum generation Bid rate in descending order; and
- (vii) Invoke other emergency procedures including involuntary load Curtailment, if necessary.

6.0 Scheduling Transmission Service For External Transactions

The amount of Firm Transmission Service scheduled Day-Ahead for Bilateral Transactions which designate External Generators to supply Imports or Internal Generators to supply Exports will be equal to the amount of Energy scheduled to be consumed under those Transactions Day-Ahead. The amount of Firm Transmission Service scheduled in the BME for Bilateral Transactions which designate External Generators to supply Imports or Internal Generators to supply Exports will be equal to the amount of Energy scheduled to be consumed under those Transactions in the BME. The DNI between the NYCA and adjoining Control Areas will be adjusted as necessary to reflect the effects of any Curtailments of Import or Export Transactions resulting from the actions of operators of these Control Areas, but the amount of Transmission Service scheduled for those Transactions will remain unchanged. However, any Curtailment or Reductions of schedules for Import or Export Transactions directed by the ISO will cause both the DNI and the scheduled amount of Transmission Service to change.

The ISO shall use Decremental Bids supplied by Transmission Customers using External Generators to supply Wheels-Through to determine the amount of Energy those Generators are scheduled Day-Ahead to produce in each hour. This in turn will determine the Firm Transmission Service scheduled Day-Ahead to support those Transactions. The ISO shall also use Decremental Bids supplied by Transmission Customers using External Generators to supply Wheels-Through to determine the amount of Energy these Generators are scheduled to produce in the BME, which, in turn, will determine the Transmission Service scheduled in the BME to support those Transactions.

The ISO will not schedule a Bilateral Transaction which crosses an Interface between the NYCA and a neighboring Control Area if doing so would cause the DNI to exceed the Transfer Capability of that Interface.

IV. SCHEDULING

Security Constrained Unit Commitment (“SCUC)

The ISO shall develop an SCUC schedule using a computer algorithm which simultaneously minimizes the total Bid Production cost of: (i) supplying power to satisfy all accepted purchaser’s Bids to buy Energy from the Day-Ahead Market; (ii) providing sufficient Ancillary Services to support Energy purchased from the day-ahead Market; (iii) committing sufficient Capacity to meet the ISO’s Load forecast and provide associated Ancillary Services; and (iv) meeting all Transmission Schedules submitted Day-Ahead. The schedule will include commitment of sufficient Generators and/or Interruptible Load to provide for reliable operation of the NYS Transmission System. In addition to all Reliability Rules, the ISO shall consider the following information when developing the SCUC: (i) Load forecasts provided to the ISO and adjusted as required by the ISO; (ii) Ancillary Service requirements as determined by the ISO; (iii) Transmission Service schedules; (iv) price Bids and operating constraints submitted for Generator or Demand Side Resources; (v) price bids for Ancillary Services; (iv) Decremental Bids for Bilateral Transactions; (vii) ancillary Services in support of Bilateral Transactions; and (viii) Bids to purchase energy from the Day-ahead Market. The SCUC schedule shall list the twenty-four (24) hour injections for: (a) each Generator whose Bid the

ISO accepts for the following Dispatch Day; and (b) each Bilateral Transaction Scheduled Day-Ahead.

In the development of its SCUC schedule, the ISO may commit and decommit Generators based upon any flexible Bids, including Minimum Generation and Start-Up Costs, Energy, and Incremental and Decremental Bids received by the ISO.

Reliability Forecast

In the SCUC program, system operation shall be optimized over the Dispatch Day. However, to preserve system reliability, the ISO must assure that there will be sufficient Generators available to meet forecasted Load and reserve requirements over the seven-day period that begins with the next Dispatch Day. When SCUC evaluates days two through seven of the commitment cycle and determines that a long start-up time Generator is needed for reliability, the ISO shall accept a Bid and the Generator will begin its start-up sequence. During each day of the start sequence, SCUC will determine if the long start-up time Generator will still be needed as previously forecasted. If the Generator is still needed, then it will continue to accrue start-up cost entitlements. If at any time it is determined that the Generator will not be needed as previously forecasted, the ISO shall order the Generator will not be needed as previously forecasted, the ISO shall order the Generator to abort its start sequence, and its start-up payment entitlement beyond the abort time will be discontinued. The ISO may commit to long start-up period Generators, but only as a last resort to preserve reliability (and not for reasons of system economy).

The ISO shall develop a forecast of daily system peak Load for days two through seven in this seven-day period (using LSE forecast data, where appropriate) and add an appropriate reserve margin. The ISO shall then forecast its available Generators for the day in question by summing the Operating Capacities for all Generators currently in operation, the Operating Capacity of all other Generators capable of starting prior to the day in question, and an estimate of the net imports from external Bilateral Transactions. If the forecasted peak Load plus reserves exceeds the ISO's forecast of available Generators for the day in question, then the ISO shall commit additional Generators capable of starting prior to the day in question (e.g., start-up period of two-days when looking at day three) to assure system reliability. In choosing among Generators with comparable start-up periods (e.g., among units with two-day start-up periods), the ISO shall schedule Generators to minimize the bid production cost of meeting forecasted peak load plus reserves for the day in question, including Minimum Generation and Start-Up Bids, and Incremental Bids. This analysis will assume that all Generators in operation on day one are operating at maximum output, as well as any Generators capable of starting up prior to the day in question.

In determining the appropriate reserve margin for days two through seven, the ISO will supplement the normal reserve requirements, to allow for forced outages of the short start-up period units (e.g., gas turbines) assumed to be operating at maximum output in the unit commitment analysis for reliability.

The bidding requirements and the bid tables in Attachment P indicate that Energy Bids are to be provided for days one through seven. Energy bids are binding for day one only for

units in operation or with start-up periods less than one day. Energy Bids for Generator with start-up periods greater than one day will be binding only for units that are committed by the ISO and only for the first day in which those units could produce energy given their start-up periods. For example, the Energy Bid for a Generator with a start-up period of two days would be binding only for day three because, if that unit begins to start up at any time during day one, it would begin to produce Energy forty-eight (48) hours later on day three. Similarly, the Energy Bid for a Generator with a start-up period of three (3) days would only be binding for day four.

Balancing Market Evaluation (Hour-Ahead)

After the Day-Ahead schedule is published, and up to ninety (90) minutes prior to each dispatch hour, Direct Customers and Suppliers may: (i) submit additional bids to the ISO for Energy from (a) Generators or other resources that are dispatchable within five (5) minutes and that can be included in and respond to the ISO's SCD program and (b) fixed block Energy (non-dispatchable) Bids available for the next hour; (ii) lower their Bid Price for Energy from Generators committed by the ISO in the Day-Ahead Market; (iii) change their Bid Price for additional Energy from Generators that were committed by the ISO in the Day-Ahead Market; (iv) modify Bilateral Transactions that were accepted by the ISO in the Day-ahead schedule; (v) propose new Bilateral Transactions; and (vi) submit Bids to purchase Energy from the Real-Time Market. The Bids submitted up to ninety (90) minutes before the dispatch hour shall be referred to as Hour-ahead Bids. The ISO shall use the Balancing market Evaluation ("BME") ninety (90) minutes before each dispatch hour to determine

schedules for LBMP Market and Bilateral Transactions including Exports, Imports and Wheels Through. In developing these schedules, the BME will consider updated Load forecasts and evaluate the impact on reliability of the proposed schedules and commitments. The BME will adjust firm Bilateral Transaction schedules based on Incremental and Decremental Bids and all Generator schedules, based on their Bids, to maintain reliability. The BME will not determine any prices but will schedule on a least total Bid Production Cost basis.

ISO Real-Time Dispatch Using Security Constrained Dispatch (“SCD”)

The ISO shall dispatch the NYS Power System consistent with the Bids that are submitted by Suppliers and accepted by the ISO, while satisfying the actual system Load. The ISO shall use Day-and Hour-ahead Bids and shall accommodate Bilateral Transaction schedules and schedule changes to the maximum extent possible consistent with reliability, and the Decremental Bids of Bilateral Transaction parties. The ISO shall run a Security Constrained Dispatch (“SCD”) normally every five (5) minutes to minimize the total Bid Production Costs of meeting the system Load and maintaining scheduled interchanges with adjacent Control Areas over the next SCD interval. Bid Production costs, for this purpose, will be calculated using Bids submitted into the Real-Time Market. The dispatch may cause the schedules of Generators providing Energy under Bilateral Transaction Schedules to be modified, depending upon the Decremental Bids submitted (or assigned) in association with these schedules.

**ATTACHMENT K
RESERVATION OF CERTAIN TRANSMISSION
CAPACITY AND LBMP TRANSITION PERIOD**

1.0 General Description of Existing Transmission Capacity Reservations

This Attachment describes the treatment of Existing Transmission Agreements (“ETA”), including Transmission Wheeling Agreements (“TWA”) and Transmission Facilities Agreements (“TFA”), Existing Transmission Capacity for Native Load and the LBMP Transition Period during which certain rights and obligations apply. The applicability of this Attachment with the exception of Section 6.0 of this Attachment, is subject to the effective date of any necessary Section 205 filing pursuant to the FPA or, for agreements not subject to FERC jurisdictions, the execution of an amendment adopting the provisions of this Attachment.

2.0 Transmission Wheeling Agreement (“TWA”) Treatment

2.1 TWAs between Transmission Owners associated with Generators or Power Supply Contracts (Modified Wheeling Agreements or “MWAs”)

Each TWA between Transmission Owners associated with a Generator or a power supply contract shall be converted into a Modified Wheeling Agreement (“MWA”) to be effective upon LBMP implementation. The TWAs being converted to MWAs are listed in Attachment L, Table 1, where the “Treatment” column is denoted as “MWA.” The terms and conditions of each of these TWAs shall remain unchanged by the conversion except as follows: (i) the MWA Customer will have the option of retaining the transmission rights received under the existing TWA (“Grandfathered Rights”) or converting those transmission rights to TCCs (“Grandfathered TCCs”); (ii) the rights and obligations under the MWA shall be assignable, in whole or in part, with the transfer of a Generator

Effective: September 1, 1999

or rights under a power supply contract to an assignee that satisfies reasonable creditworthiness standards; (iii) the MWA Customer or the assignee will continue to pay the embedded cost-based rate for Transmission Service in accordance with Sections 3.2 and/or 4.2, below except that it shall have to pay for losses under this Tariff and the Transmission Owner shall not charge the MWA Customer or the assignee for losses to the extent they are provided under this Tariff; (iv) the payments under MWAs for Grandfathered Rights and Grandfathered TCCs do not include the costs of Ancillary Services and customers under these agreements will be responsible for Ancillary Services consistent with the other provisions of this Tariff; (v) any additional modifications to each TWA necessary to convert it into a MWA shall be the subject of a separate amendment to the TWA; and (vi) the corresponding MWA will be terminated to the extent the TWA is to transmit Energy from such Generator, upon the retirement of the associated Generator, the termination of the associated power supply contract, or such other date specified in the MWA by mutual agreement of the parties to the TWA, except as follows:

- (A) Subject to Paragraph (B), for each TWA associated with a power supply contract, that is terminated pursuant to its terms prior to the end of the LBMP Transition Period, the MWA shall remain in effect until the end of the LBMP Transition Period. At the end of the LBMP Transition Period, such MWAs will be automatically terminated.
- (B) For each TWA associated with (a) the Blenheim-Gilboa power supply contract (as noted in Attachment L, Table 1, Line Items 2, 8, 17, 31, 48 and 59) or , if the power supply contract is terminated pursuant to its terms prior to the end of the LBMP Transition Period, the MWA shall also be terminated.

As long as each MWA Customer retains Grandfathered Rights or Grandfathered TCCs, it must maintain all MWAs from each associated Point of Receipt of the Generator or the NYCA Interconnection with another Control Area to the corresponding Point of Delivery of the Load served by the MWA or at the NYCA Interconnection with another Control Area.

Any other differences between the terms and conditions of the MWAs and those of the associated TWAs for which a customer elects Grandfathered Rights or Grandfathered TCCs are discussed in Section 3 and 4 of this Attachment, respectively.

2.2 Third Party TWAs

Each existing TWA with a Third Party ("Third Party TWA"), all of which are listed in Attachment L, Table 1, where the "Treatment" column is denoted as "Third Party TWA" or "OATT", will remain in effect in accordance with its terms and conditions, including provisions governing modification or termination, except that the Third Party TWA customer may:

- (i) retain the existing transmission rights ("Grandfathered Rights") subject to the provisions below;
- (ii) convert the transmission rights to Grandfathered TCCs, and (a) purchase or sell power in the LBMP Market pursuant to this Tariff or (b) execute Bilateral Transactions for Capacity, Energy, and/or Ancillary Services, and obtain Transmission Service subject to the rates, terms, and conditions of this Tariff except as explicitly noted below in this Attachment; or
- (iii) terminate the existing agreement (if the terms and conditions allow termination), and (a) purchase or sell power in the LBMP Market pursuant to

this Tariff or (b) execute Bilateral Transactions for Capacity, Energy, and/or Ancillary Services, and obtain Transmission Service subject to the rates, terms, and conditions of this Tariff.

As long as each Third Party TWA Customer retains Grandfathered Rights or Grandfathered TCCs, it must maintain all Third Party TWAs from each associated Point of Receipt of the Generator or the NYCA Interconnection with another Control Area to the corresponding Point of Delivery of the Load served by the TWA or at the NYCA Interconnection with another Control Area.

Each Third Party TWA Customer, whether it elects Grandfathered TCCs or Grandfathered Rights, shall have the right to inject Energy at the specified Point of Receipt and withdraw it at the specified Point of Delivery in designated amounts without application of a TSC. Customers electing Grandfathered Rights will be exempt from having to pay the Congestion Component of the TUC.

For the Third Party TWAs listed in Attachment L, Table 1, Line Items 55-62, 65-69, 73-82, 84-92, 98-114, 150-190, each specific individual municipal or cooperative electrical system listed in each such Agreement shall be deemed to be the Third Party TWA Customer for purposes of electing one (1) of the options set forth above. The municipal or cooperative may elect Grandfathered Rights or Grandfathered TCCs in specified amounts between specified Points of Receipt and Points of Delivery. Those Grandfathered Rights or TCCs become the rights or TCCs of the municipal or cooperative. Whichever option is selected by the municipal or cooperative, it thereby waives all rights under the Federal Power Act associated with NYPA's obligation to secure transmission wheeling arrangements on its behalf associated with the TWA rights elections. If any specific municipal or cooperative fails to make this election, NYPA shall have the right to make the election

Effective: September 1, 1999

for that municipal or cooperative.

2.3 Other TWAs Between Transmission Owners

Commencing with LBMP implementation, certain TWAs between the Transmission Owners will be terminated. These TWAs are listed in Attachment L, Table 1, where the "Treatment" column is denoted as "Terminated."

2.4 Transmission Facilities Agreements

Existing TFAs containing no provisions for transmission service require no modifications. These agreements are listed in Attachment L, Table 2.

TFAs that contain provisions for transmission service are listed in Attachment L, Table 1, where the "Treatment" column is denoted as "Facility Agmt - MWA." These TFAs will remain in effect in accordance with their terms and conditions, including any provision governing modification or termination, except that customers under these agreements may elect Grandfathered Rights or may convert their rights to Grandfathered TCCs.

2.5 Existing Transmission Capacity for Native Load

Certain transmission capacity associated with the use of a Transmission Owner's own system to serve its own load, will be designated as Existing Transmission Capacity for Native Load and shown on Table 3 of Attachment L. For purposes of Direct Sale and Auction of TCCs, the capacity shown on Table 3 of Attachment L will be converted to point to point TCCs and either sold through Direct Sale or at Auction. Prior to Direct Sale or Auction these TCCs will be subject to reduction as per section 3.0 of Attachment M.

The Transmission Owners shall release these TCCs for sale to all Market Participants in

Effective: September 1, 1999

accordance with Attachment M.

Such Existing Transmission Capacity for Native Load shall not be increased above the megawatt (MW) amounts noted in Attachment L, Table 3, of the ISO Tariff.

3.0 Terms Applicable to Grandfathered Rights Under MWAs, TFAs, and Third Party TWAs.

3.1 Congestion Charges

Each ETA Customer that maintains Grandfathered Rights under an option listed in Section 2 above, retains the right to inject power at one specified bus and take power at another specified bus up to amounts reflected in Attachment L, Table 1, without having to pay the Congestion Component of the TUC, but only to the extent it schedules the injection and withdrawal Day-Ahead and is on schedule. If it does not schedule Energy Day-Ahead or inject or withdraw Energy, it will not receive (or pay) any Congestion Rents associated with the Transaction. If the customer under the MWA, TFA or Third Party TWA transmits Energy without scheduling it Day-Ahead or exceeds the amounts specified in Attachment L, Table 1, the customer will pay the Real-Time TUC for all Energy transmitted under the Transaction exceeding the Day-Ahead schedule or the number of MW of Grandfathered Rights. This TUC will include Congestion Rents. If the ETA Customer schedules Day-Ahead and/or transacts for a portion of the Grandfathered Rights that are retained, it will not receive any compensation for the unused transmission capacity. The ETA Customer will not be permitted to resell or transfer these Grandfathered Rights unless permitted in the existing agreements, except as noted above.

3.2 MWAs and TFAs

Subject to the losses provision below, each MWA or TFA Customer shall pay the contract rates for the Grandfathered Rights which shall be frozen at the contract rates that were in effect on the date the ISO Tariff was originally filed at FERC (January 31, 1997), through the LBMP Transition Period or the termination date of the TFA, if earlier. After the LBMP Transition Period, rates under each MWA or TFA will be based on embedded cost, and these contract rates may be updated, if allowed for in the terms and conditions of each MWA or TFA. Each MWA or TFA Customer or its assignee shall pay the Transmission Owner under the MWA or TFA directly for the Grandfathered Rights.

Each MWA or TFA customer that chooses Grandfathered Rights shall pay the ISO for losses, under this Tariff. The Transmission Owner shall not charge for losses under the ETA, MWA or TFA to the extent the losses are provided under this Tariff. To the extent losses on the Transmission Owner's system are not provided under this Tariff, the Transmission Owner may charge for losses unless prohibited from doing so under the MWA or TFA. The customer will pay or receive payment for losses between the Point of Receipt and the Point of Delivery under the MWA or TFA listed in Attachment L, Table 1, as calculated in accordance with this Tariff.

3.3 Third Party TWAs

Subject to Section 5 below, each Third Party TWA Customer will compensate the Transmission Owner under a Third Party TWA for transmission charges in accordance with the terms and conditions of the TWA, including any provisions governing modification or termination.

Third Party TWA Customers that choose Grandfathered Rights shall pay the ISO for losses under the ISO Tariff. The Transmission Owner shall not charge for losses under the Third Party TWA to the extent the losses are provided under this Tariff. To the extent losses on the Transmission Owner's system are not provided, the Transmission Owner may charge for losses, unless prohibited from doing so under the Third Party TWA. The Transmission Customer will pay or receive payment for losses between the Points of Receipt and Points of Delivery under the Third Party TWA listed in Attachment L, Table 1, as calculated in accordance with this Tariff.

4.0 Terms Applicable to Conversion to Grandfathered TCCs

4.1 General

Each ETA Customer, that has the right to convert transmission rights to TCCs in accordance with Section 2 above, must notify the ISO of its election to convert to TCCs the earlier of two weeks prior to the first TCC Auction or six weeks prior to the start-up of the ISO in accordance with procedures that the ISO will post. Where the applicable ETA provides for more than one Point of Receipt and/or more than one Point of Delivery, these ETA Customers may designate Grandfathered Rights or Grandfathered TCCs, but not both, from each Point of Receipt to each Point of Delivery. The ISO will assign point-to-point TCCs to the ETA Customer, equivalent to the amount of transmission capacity (in MWs) associated with the transmission service received under each ETA, as measured between the Generator bus or NYCA Interconnection with another Control Area where the power is injected and the Point of Delivery of the Load served by the ETA or at the NYCA Interconnection with another Control Area. If the ETA Customer fails to duly notify the ISO of its

conversion to Grandfathered TCCs, the ISO and Transmission Owner will deem the ETA Customer to have elected Grandfathered Rights.

4.2 MWAs and TFAs

Each MWA or TFA Customer shall continue to pay the Transmission Owner rates which shall be frozen at the contract rates that were in effect on the date this Tariff was originally filed at FERC (January 31, 1997), through the LBMP Transition Period or the termination date of the MWA or TFA, if earlier. After the LBMP Transition Period, rates under each MWA or TFA shall be based on embedded cost, and these embedded cost rates may be updated, if allowed for in the terms and conditions of each MWA or TFA. The MWA or TFA Customer or its assignee shall pay the Transmission Owner directly for the Grandfathered TCCs.

Each MWA or TFA Customer that chooses Grandfathered TCCs, shall receive (or pay, when negative congestion occurs) the Congestion Rent associated with its Grandfathered TCCs, and will be subject to the service provisions of the ISO Tariff, including the duty to pay for (i) Congestion Rent; and (ii) Marginal Losses for use of the transmission system.

4.3 Third Party TWAs

Subject to Section 5, below, each Third Party TWA Customer will pay the Transmission Owner transmission charges in accordance with the terms and conditions of the Third Party TWA, including any provisions governing modification or termination. Third Party TWA Customers that convert the existing transmission rights to TCCs shall receive (or pay, when negative congestion occurs) the Congestion Rent associated with its TCCs, and will be subject to the service provisions of this Tariff, including the duty to pay for: (i) Congestion Rent; and (ii) Marginal Losses for use of

the transmission system.

5.0 Responsibility for Ancillary Services

Irrespective of whether an ETA is a MWA, Third Party TWA or a TFA, or whether a customer thereunder elects Grandfathered Rights or Grandfathered TCCs, the customer shall be responsible for payment for any applicable Ancillary Services that shall be provided pursuant to this Tariff.

6.0 LBMP Transition Period and Payment

In the absence of an effective Section 205 Filing under the FPA, the ISO shall follow the methodology prescribed in the Transmission Agreement governing the specific transaction in question. The ISO shall not hold a Transmission Owner responsible for any shortfall in loss revenue resulting from discrepancies between losses calculations used by the ISO and losses calculations prescribed by any Transmission Agreement. In the event Third Party TWAs do not convert the existing rights to TCCs, and in which the participants pay losses other than marginal losses, and in the event the applicable Transmission Owner experiences losses revenue deficiencies due to the event that the Transmission Owner is charged on a marginal losses basis by the ISO for the losses associated with these unmodified TWAs the following procedures shall be implemented. To the extent any Transmission Owner incurs payments to the ISO for its unmodified TWAs resulting from any marginal losses provisions of this Tariff over and above the compensation the Transmission Owner receives under its TWA, and the following is a good faith effort by the Transmission Owner to modify the TWA via a FERC Section 205 filing pursuant to the Federal Power Act to pay charges consistent with this Tariff, the ISO will reimburse each affected Transmission Owner for its losses

Effective: September 1, 1999

revenue deficiencies as follows: (a) for each specific bilateral transaction associated with an unmodified TWA, the ISO will calculate the marginal loss component "L" of the TUC; (b) the Transmission Owner will be responsible to the ISO for each marginal losses charge "L"; (c) the Transmission Owner will submit arrangements specified in each of its unmodified TWAs to the ISO including the amount of reimbursement "R" from the participant for the losses associated with each bilateral transaction; (d) the Transmission Owner will compute its losses revenue variances for each applicable unmodified TWA as its marginal losses charge "L" minus the amount of reimbursement "R" for the losses associated with the bilateral transaction; (e) the ISO will settle with each Transmission Owner for the sum total of its losses revenue variances; and (f) total losses revenue variances will reduce or increase the amount of the Residual Adjustment in Schedule 1 of this Tariff.

7.0 LBMP Transition Period and Payment

At the present time, the Member Systems do not have sufficient data to calculate the LTTP term of the TSC formula. This provision shall only become effective upon the filing of such data and the determination of the LTTP payments with the Commission. Prior to such filing, the LTTP will be set to zero.

A "LBMP Transition Period" shall be established under which the Investor-Owned Transmission Owners shall be subject to a schedule of fixed monthly transmission payments ("LBMP Transition Period Payments" or "LTTP"). These payments will occur for the period commencing with the start of the first Centralized TCC Auction and continuing for a period of five (5) years following implementation of both the Day-Ahead and Real-Time Markets. The formula for calculating the LTTP is shown below. The LTTP calculation is based upon the differences between

Effective: September 1, 1999

each Investor-Owned Transmission Owner's net transmission revenues and expenses under the current NYPP system and the proposed restructured NYPP system utilizing LBMP. The specific factors include: (1) the amount of transmission revenues/expenses eliminated through the termination of some TWAs including existing net Transmission Fund ("T-fund") distributions in effect under the current NYPP pricing mechanism; (2) Congestion Rents to be paid under LBMP; (3) revenues received from the distribution of Excess Congestion Rents and the sale of TCCs; and (4) transmission revenues received from off-system sales. The LTPP to be paid or received by the Investor-Owned Transmission Owners during the LBMP Transition Period are designed to offset the net effect of these revenues and expenses.

The LTPP will be calculated once for the entire LBMP Transition Period within thirty (30) days after the initial Centralized TCC Auction. The sum of all LTPPs for the Investor-Owned Transmission Owners shall be zero.

The formula for the calculation of the LTPP for each Investor-Owned Transmission Owner is as follows:

$$\mathbf{LTPP = RTA + CR - SR_1 - SR_2 - CRR - ROS}$$

Where: **RTA** = Net reduction in revenue resulting from the termination of existing transmission wheeling agreements, effective upon LBMP implementation;

CR = Estimated Congestion Rents to be incurred under LBMP;

SR₁ = Revenues from the Direct Sale of Residual TCCs and Grandfathered

Effective: September 1, 1999

TCCs by Transmission Owners prior to the first Centralized TCC Auction, which are valued at the Market Clearing Prices from the first Centralized TCC Auction;

SR₂ = Actual revenues from the allocation of TCC sales revenues from the first Centralized TCC Auction;¹

CRR = Estimated revenues received from the ownership of TCCs, based on the results from the first Centralized TCC Auction and Imputed Revenues from Grandfathered Rights; and

ROS = Transmission revenues received from off-system sales, as reported in FERC Form 1.

All estimates or forecasts used to determine each LTPP are subject to unanimous agreement among the Investor-Owned Transmission Owners; absent unanimous agreement, they may unanimously agree to submit to mediation or arbitration; absent this latter agreement, then each such Transmission Owner reserves its rights under the FPA to justify or protest LTPP estimates or forecasts.

¹ For the purposes of calculating the LTPP, each Residual TCC shall be valued at a weighted average of the prices determined in Stage 1 of the Centralized TCC Auction. The weighted average shall be computed by multiplying the fraction of total transmission capability offered for sale in Stage 1 of the Auction that will be offered for sale in that round, as determined by the Transmission Providers, and the Market Clearing Price of that TCC in that round, summed over all Stage 1 rounds. The price at which Transmission Providers sell Residual TCCs through sales prior to the Centralized TCC Auction shall not affect the calculation of the LTPP. NYPA's NTAC (See Attachment H) shall be calculated by valuing their Residual TCCs at the greater of the market value of a TCC, as determined by this weighted average of the Market Clearing Prices of that TCC in Stage 1 of the Centralized TCC Auction, or the price at which NYPA sells the Residual TCCs through sales prior to the Centralized TCC Auction, if it chooses to do so.

The LTPP will be based on the latest available FERC Form 1 data for transmission revenues and expenses.

Effective: September 1, 1999

ATTACHMENT L

**EXISTING TRANSMISSION AGREEMENTS & EXISTING
TRANSMISSION CAPACITY FOR NATIVE LOAD TABLES**

TABLE 1A: Existing Long Term Transmission Wheeling Agreements

TABLE 1B: Existing Short Term Transmission Wheeling Agreements

TABLE 2: Existing Transmission Facilities Agreements

TABLE 3: Existing Transmission Capacity for Native Load

TABLE 4: Grandfathered Transmission Service by Interface

This Attachment will be revised prior to the commencement of ISO operations to reflect new OATT reservations.

Table 1 A - Existing Long Term Transmission Wheeling Agreements																						
Cont. #	FERC Rate Sch. Designation #	Transmission		Agreement				Cont. Est. Date	Cont. Exp. Date	Treatment (Refer to Attachment K)	Sum MW	Win MW	Interface Allocations - Summer Period									
		Requestor	Provider	Name	MW	From	To						DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI
1	141	CHG&E	NMPC	Nine Mile Pt #2	101	NMP2	CHG&E	2/14/75	Ret. of Nine Mile Pt. #2	MWA-NMP2	101	101				101	101					
2	128	CHG&E	NMPC	Gilboa	100	Gilboa #1	CHG&E	5/10/73	6/30/2002	MWA-Gilboa Contract	100	100					100					
3	N/A	CHG&E	NYPA	Marcy South Facility	300	CHG&E	Con Ed - North	12/7/83	Ret. of Roseton	Facility Agmt. - MWA	300	300						300				
4	26	CHG&E	NYSEG	West Woodbourne	25	NYSEG - East	NMPC - East	6/24/64	Ret. of Nine Mile Pt. #2	Facility Agmt. - MWA	25	25				25						
5	87	Con Edison	NYSEG	Mohansic - Wheeling	10	Wood St-Bowl	Mohansic-CE No	8/23/83	Ret. of Bowline	Facility Agmt-MWA-Bowline	10	10						10				
7	N/A	Con Edison	NYPA	Diversity Contract	780	Beau-E24	Con Ed - North	11/8/78	3/31/1999	Terminated												
8	N/A	Con Edison	NYPA	Gilboa	125	Gilboa #1	Con Ed - North	4/1/89	4/30/2015	MWA-Gilboa Contract	125	125					125					
9	N/A	Con Edison	LIPA	Y50 Cable (1)	229	Con Ed - Cent.	LIPA	4/4/75	Life of the facility	Facility Agmt - MWA	229	229							229	229		
12	142	LIPA	NMPC	Fitzpatrick Delivery - Firm	160/124	Fitzpatrick	Con Ed - North	2/14/75	1 year notice	MWA-Fitzpatrick Contract	160	124			160		160	160	160			
	117	LIPA	Con Edison	Fitzpatrick Delivery - Firm	103/100	Con Ed - North	LIPA	7/15/75	1 year notice	MWA-Fitzpatrick Contract	103	100							103	103		
	N/A	LIPA	NUSCO	Fitzpatrick Delivery				4/29/94		Terminated												
13	142	LIPA	NMPC	Fitzpatrick - Interruptible						Terminated												
14	N/A	LIPA	NYPA	Y49 Cable (2)	301/293	Con Ed - Cent.	LIPA	8/26/87	Later of Ret. Of Bonds or upon mutual agreement	Facility Agmt - MWA	301	293							301	301		
16	142	LIPA	NMPC	Nine Mile Pt.#2 Delivery	202	NMP2	Con Ed - North	2/14/75	Ret. of Nine Mile Pt. #2	MWA-NMP2	202	202			202		202	202				
	117	LIPA	Con Edison	Nine Mile Pt.#2 Delivery	202	Con Ed - North	LIPA	4/4/75	Ret. of Nine Mile Pt. #2	MWA-NMP2	202	202							202	202		
17	N/A	LIPA	NYPA	Gilboa Delivery	50	Gilboa #1	Con Ed - North	3/31/89	4/30/2015	MWA-Gilboa Contract	50	50				50	50					
	94	LIPA	Con Edison	Gilboa Delivery	50	Con Ed - North	LIPA	3/31/89	4/30/2015	MWA-Gilboa Contract	50	50						50	50			
18	142	LIPA	NMPC	Two Party						Terminated												
20	165	NYSEG	NMPC	Remote Load Agmt	575	Kintigh	NYSEG - Cent.	12/1/52	Ret. of Kintigh	MWA-Kintigh (9)	575	575	575	575								
	165	NYSEG	NMPC	Remote Load Agmt	277	NYSEG - Cent.	NYSEG - Mech.	12/1/52	Ret. of Kintigh	MWA-Kintigh	277	277			277							
	165	NYSEG	NMPC	Remote Load Agmt	205	NYSEG - Mech.	NYSEG - Hudson	12/1/52	Ret. of Kintigh	MWA-NMP2/Kintigh	205	205					205					
	112	NYSEG	Con Edison	Wood Street	205	NYSEG - Hudson	NYSEG-Brewster	3/1/88	Ret. of Kintigh	MWA-NMP2/Kintigh	205	205						205				
	165	NYSEG	NMPC	Remote Load Agmt	187	NMP2	NYSEG - Mech	12/1/52	Ret. of Nine Mile Pt. #2	MWA-NMP2	187	187			187		187					
	165	NYSEG	NMPC	Remote Load Agmt	122	NYSEG - Mech	CHG&E	12/1/52	Ret. of Nine Mile Pt. #2	MWA-NMP2/Kintigh	122	122					122					
	22	NYSEG	CHG&E	Fishkill/Sylvan Lake	122	CHG&E	NYSEG-Brewster	7/19/62	Ret. of Nine Mile Pt. #2	MWA-NMP2/Kintigh	122	122						122				
	49	NYSEG	CHG&E	Walden	15	NYSEG - East	NYSEG - Hudson	8/1/73	Ret. of Nine Mile Pt. #2	MWA-NMP2/Kintigh	15	15				15	15					
21	26	NYSEG	CHG&E	West Woodbourne	25	NYSEG - East	NMPC - East	6/24/64	Ret. of Nine Mile Pt. #2	Facility Agmt. - MWA	25	25				25						
22	N/A	NYSEG	NYPA	Plattsburgh Export	235/225	NYSEG - North	NYSEG - East	5/27/94	6/21/2009	MWA-NUG Contracts	235	225				235						
23	N/A	NYSEG	NYPA	Niagara-Edic (Kintigh)	100	Kintigh	NYSEG - East	12/12/83	8/31/2007	MWA-Kintigh	100	100	100	100	100							
24	205	NYSEG	NMPC	TSA						Terminated												
25	N/A	NYSEG	NYPA	St. Lawrence to Niagara	93	Moses 17-18	NYSEG - East	12/31/61	8/31/2007	MWA-Hydro Contract	93	93				93						
26	115	NMPC	NYSEG	Remote Load Agmt				12/31/52		Terminated												
27	70	NMPC	Con Edison	PP&L						Terminated												
28	N/A	NMPC	NYPA	Niagara-Edic	126	Niagara	NMPC-Cent Ea	11/1/84	8/31/2007	MWA-Hydro Contract	126	126	126	126	126							
29	N/A	NMPC	NYPA	Niagara-Edic	397			11/1/84		Terminated												
30	N/A	NMPC	NYPA	St. Lawrence	104	Moses 17-18	NMPC-Cent Ea	2/10/61	8/31/2007	MWA-Hydro Contract	104	104				104						
31	N/A	O&R	NYPA	Gilboa	25	Gilboa #1	CHG&E	4/1/89	4/30/2015	MWA-Gilboa Contract	25	25					25					
	51	O&R	CHG&E	Gilboa	25	CHG&E	O&R	4/1/89	4/30/2015	MWA-Gilboa Contract	25	25										

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		Requestor	Provider	Name	MW	From	To						DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI
32	51	O&R	CHG&E	Hydro Quebec	0/100	CHG&E	O&R	12/31/95	10/31/1998	Terminated												
	N/A	O&R	NYPA	Hydro Quebec	0/100	Beau-E24	O&R	11/1/95	10/31/1998	Terminated												
41	32	O&R	CHG&E	Grahmsville	18	Grahmsville	O&R	12/31/62	12/31/2001	MWA-Grahmsville	18	18										
44	N/A	RG&E	NYPA	Diversity Contract	20	Beau-E24	NYPA - E	2/5/80	3/31/1999	Terminated												
45	N/A	RG&E	NYPA	St. Lawrence	55	Moses 17-18	NYPA - E	12/31/61	8/31/2007	MWA-Hydro Contract	55	55				55						
46	N/A	RG&E	NYPA	Niagara-Edic: R&D	65	Niagara	RG&E	11/1/84	8/31/2007	MWA-Hydro Contract	65	65	65									
47	N/A	RG&E	NYPA	Niagara-Edic: Own Load	69	Niagara	RG&E	11/1/84	8/31/2007	MWA-Hydro Contract	69	69	69									
48	54	RG&E	NYSEG	Gilboa	30	RG&E/Ginna	NYSEG - East	5/10/73	6/30/2002	MWA-Gilboa Contract	30	30		30	30							
	54	RG&E	NYPA	Gilboa	30	NYSEG - East	NMPC - East	5/10/73	6/30/2002	MWA-Gilboa Contract	30	30				30						
49	176	RG&E	NMPC	Exit Agreement (3)	120 to 0	RG&E/Ginna	NMPC - East	4/12/73	6/30/2043	Exit Agmt	120	120		120	120							
55	65	SENY	CHG&E	Ashokan/Kensico	6	Ashokan	Con Ed - North	11/23/82	Beyond 12/31/2004	Third Party TWA	6	6										
	N/A	SENY	Con Edison	Ashokan/Kensico	6	Con Ed - North	Con Edison	3/10/89	Beyond 12/31/2004	Third Party TWA	6	6					6	6	6			
56	N/A	SENY	NYPA	Jarvis	4	Jarvis	Con Ed - North	10/29/92	Beyond 12/31/2004	Third Party TWA	4	4										
	N/A	SENY	Con Edison	Jarvis	4	Con Ed - North	Con Edison	3/10/89	Beyond 12/31/2004	Third Party TWA	4	4					4	4	4			
57	180	SENY	NMPC	Crescent-Vischers	20	Vischers	Con Ed - North	10/29/92	Beyond 12/31/2004	Third Party TWA	20	20					20					
	N/A	SENY	Con Edison	Crescent-Vischers	20	Con Ed - North	Con Edison	3/10/89	Beyond 12/31/2004	Third Party TWA	20	20					20	20	20			
58	96	SENY	Con Edison	NYPA Load-NYC- IP3 (11)	800	Indian Pt 3	Con Edison	3/10/89	Beyond 12/31/2004	Third Party TWA	800	800						800	800			
59	N/A	SENY	NYPA	Gilboa	250	Gilboa #1	NYPA - H	11/24/86	Beyond 12/31/2004	Third Party TWA	250	250					250	250				
	N/A	SENY	Con Edison	Gilboa	250	Con Ed - North	Con Edison	3/10/89	Beyond 12/31/2004	Third Party TWA	250	250						250	250			
60	N/A	SENY	NYPA	Fitzpatrick	100	Fitzpatrick	NYPA - H	12/31/94	Beyond 12/31/2004	Third Party TWA	100	100			100							
	N/A	SENY	Con Edison	Fitzpatrick	100	Con Ed - North	Con Edison	3/10/89	Beyond 12/31/2004	Third Party TWA	100	100						100	100			
61	N/A	SENY	NYPA	MTA/SENY	10	Moses 17-18	Con Ed - North	5/7/81	7/31/2000	Third Party TWA	10	10				10	10	10				
	N/A	SENY	Con Edison	MTA/SENY	10	Con Ed - North	Con Edison	5/7/81	7/31/2000	Third Party TWA	10	10						10	10			
62	N/A	SENY	NYPA	MDA/EDP to CE	139 to 0	Fitzpatrick	Con Ed - North	12/31/91	12/31/2013	Third Party TWA	139	139			139		139	139				
	N/A	SENY	Con Edison	MDA/EDP to CE	114 to 0	Con Ed - North	Con Edison	12/31/91	12/31/2013	Third Party TWA	114	114						114	114			
65	32	Munis on Long Island	NYPA	Munis on Long Island	66/72	Niagara	Con Ed - North	6/18/76	10/31/2013	Third Party TWA	66	72	66	66	66		66	66	66			
	51	Greenport	Con Edison	Munis on Long Island (4)	6	Con Ed - North	LIPA	7/30/94	10/31/2013	Third Party TWA	6	6						6	6	6		
	51	Freeport	Con Edison	Munis on Long Island (4)	37	Con Ed - North	LIPA	7/30/94	10/31/2013	Third Party TWA	37	37							37	37	37	
	51	Rockville Center	Con Edison	Munis on Long Island (4)	28	Con Ed - North	LIPA	7/30/94	10/31/2013	Third Party TWA	28	28							28	28	28	
	N/A	NYPA for Greenport	LIPA	Munis on LI (10)	5	LIPA	LIPA	4/10/81	2 year notice	Third Party TWA	5	5										
	N/A	Freeport	LIPA	Munis on LI (10)	38	LIPA	LIPA	4/10/81	2 year notice	Third Party TWA	38	38										
	N/A	Rockville Center (8)	LIPA	Munis on LI (10)	23/29	LIPA	LIPA	4/10/81	2 year notice	Third Party TWA	23	29										
66	134	Festival of Lights	NMPC	Festival of Lights	0.1	Niagara	NMPC - West			Third Party TWA	0	0										
70	95	Fitzpatrick Backup	NMPC	Fitzpatrick Backup				7/28/75		Terminated												
71	180	Misc.	NMPC	Misc.						Terminated												
73	73	EDP in O&R	CHG&E	EDP in O&R	0.3	CHG&E	O&R	12/31/91		Third Party TWA	0	0										
74	N/A	MDA to LI	NYPA	MDA to LI	10 to 0	Fitzpatrick	Con Ed - North	12/31/91	10/31/2011	Third Party TWA	10	10			10		10	10	10			
	78	MDA on LI	Con Edison	MDA's on LI	10 to 0	Con Ed - North	Con Ed - Cent	12/31/91	10/31/2011	Third Party TWA	10	10							10			
	N/A	MDA to LI	NYPA	Y-49 Cable	10 to 0	Con Ed - Cent	LIPA	12/31/91	10/31/2011	Third Party TWA	10	10							10	10		

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		Requestor	Provider	Name	MW	From						To	DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI					
	N/A	MDA on LI	LIPA	MDA's on LI (12)	10 to 0	LIPA	LIPA	11/14/85	upon notice	Third Party TWA	10	10															
75	N/A	EDP to LI	NYPA	EDP to LI	26 to 0	Fitzpatrick	Con Ed - North	12/31/91	12/31/2005	Third Party TWA	26	26			26		26	26	26								
	102	EDP on LI	Con Edison	EDP on LI	22 to 0	Con Ed - North	Con Ed - Cent	12/31/91	12/31/2005	Third Party TWA	22	22									22						
	N/A	EDP to LI	NYPA	Y-49 Cable	26 to 0	Con Ed - Cent	LIPA	12/31/91	12/31/2005	Third Party TWA	26	26											26		26		
	N/A	EDP on LI	LIPA	EDP on LI (12)	26 to 0	LIPA	LIPA	6/1/91	upon notice	Third Party TWA	26	26															
76	N/A	Brookhaven	NYPA	Brookhaven	60/68	Fitzpatrick	Con Ed - North	12/31/91	6/30/2000	Third Party TWA	60	68			60		60	60	60								
	60	Brookhaven	Con Edison	Brookhaven	60/68	Con Ed - North	Con Ed - Cent	10/26/82	6/30/2000	Third Party TWA	60	68										60					
	N/A	Brookhaven	NYPA	Y-49 Cable	60/68	Con Ed - Cent	LIPA	12/31/91	6/30/2000	Third Party TWA	60	68											60		60		
	N/A	Brookhaven	LIPA	Brookhaven (12)	60/68	LIPA	LIPA	10/1/81	2 year notice	Third Party TWA	60	68															
77	N/A	Grumman	NYPA	Grumman	3	Fitzpatrick	Con Ed - North	12/31/91	12/31/2001	Third Party TWA	3	3			3		3	3	3								
	66	Grumman	Con Edison	Grumman	0	Con Ed - North	Con Ed - Cent	2/20/85	12/31/2001	Third Party TWA	0	0										0					
	N/A	Grumman	NYPA	Y-49 Cable	3	Con Ed - Cent	LIPA	12/31/91	12/31/2001	Third Party TWA	3	3												3	3		
	N/A	Grumman	LIPA	Grumman (12)	3	LIPA	LIPA	10/1/81	2 year notice	Third Party TWA	3	3															
78	N/A	MDA/EDP to O&R	NYPA	MDA/EDP to O&R	1	Fitzpatrick	O&R	12/31/91	10/31/2003	Third Party TWA	1	1			1		1	1									
79	N/A	MDA/EDP to NYSEG	NYPA	MDA/EDP to NYSEG	38 to 0	Fitzpatrick	NYSEG - Cent.	12/31/91	12/31/2009	Third Party TWA	38	38															
	N/A	MDA/EDP to NYSEG	NYSEG	MDA/EDP to NYSEG	38 to 0	NYSEG - Cent.	NYSEG - Cent.		12/31/2009	Third Party TWA	38	38															
80	N/A	MDA/EDP to NMPC	NYPA	MDA/EDP to NMPC	46 to 0	Fitzpatrick	NMPC-Cent. Ea.	12/31/91	12/31/2011	Third Party TWA	46	46			46												
81	N/A	Industrials to NMPC	NYPA	Industrials to NMPC	68 to 0	Fitzpatrick	NYPA - C	12/31/91	Ret. of Fitzpatrick	Third Party TWA	68	68															
82	N/A	Munis in NMPC	NYPA	Munis in NMPC	97	Niagara	NMPC-Cent. Ea.	12/31/61	10/31/2013	Third Party TWA	97	97	97	97	97												
	N/A	Booneville	NMPC	Munis in NYS (10)	13	NMPC-Cent. Ea.	NMPC-Cent. Ea.	2/10/61	10/31/2013	OATT	13	13															
	N/A	Frankfort	NMPC	Munis in NYS (10)	3	NMPC-Cent. Ea.	NMPC-Cent. Ea.	2/10/61	10/31/2013	OATT	3	3															
	N/A	Illion	NMPC	Munis in NYS (10)	13	NMPC-Cent. Ea.	NMPC-Cent. Ea.	2/10/61	10/31/2013	OATT	13	13															
	N/A	Lake Placid	NMPC	Munis in NYS	29	NMPC-Cent. Ea.	NMPC-Cent. Ea.	2/10/61	8/31/2007	Third Party TWA	29	29															
	N/A	Mohawk	NMPC	Munis in NYS (10)	4	NMPC-Cent. Ea.	NMPC-Cent. Ea.	2/10/61	10/31/2013	OATT	4	4															
	N/A	Philadelphia	NMPC	Munis in NYS (10)	2	NMPC-Cent. Ea.	NMPC-Cent. Ea.	2/10/61	10/31/2013	OATT	2	2															
	N/A	Sherrill	NMPC	Munis in NYS	12	NMPC-Cent. Ea.	NMPC-Cent. Ea.	2/10/61	8/31/2007	Third Party TWA	12	12															
	N/A	Theresa	NMPC	Munis in NYS (10)	2	NMPC-Cent. Ea.	NMPC-Cent. Ea.	2/10/61	10/31/2013	OATT	2	2															
	N/A	Tupper Lake	NMPC	Munis in NYS	19	NMPC-Cent. Ea.	NMPC-Cent. Ea.	2/10/61	8/31/2007	Third Party TWA	19	19															
84	N/A	Munis in NMPC	NYPA	Munis in NMPC	95	Niagara	NMPC-Genessee	12/31/61	10/31/2013	Third Party TWA	95	95	95														
	N/A	Akron	NMPC	Munis in NYS (10)	8	NMPC-Genessee	NMPC-Genessee	2/10/61	10/31/2013	OATT	8	8															
	N/A	Bergen	NMPC	Munis in NYS	2	NMPC-Genessee	NMPC-Genessee	2/10/61	8/31/2007	Third Party TWA	2	2															
	N/A	Churchville	NMPC	Munis in NYS (10)	4	NMPC-Genessee	NMPC-Genessee	2/10/61	10/31/2013	OATT	4	4															
	N/A	Fairport	NMPC	Munis in NYS	77	NMPC-Genessee	NMPC-Genessee	2/10/61	8/31/2007	Third Party TWA	77	77															
	N/A	Holley	NMPC	Munis in NYS (10)	4	NMPC-Genessee	NMPC-Genessee	2/10/61	10/31/2013	OATT	4	4															
85	N/A	Munis in NMPC	NYPA	Munis in NMPC	6	Niagara	NMPC - Cent.	12/31/61	10/31/2013	Third Party TWA	6	6	6	6	6												
	N/A	Green Island	NMPC	Munis in NMPC (10)	3	NMPC - Cent.	NMPC - East	12/31/61	10/31/2013	OATT	3	3						3									
	N/A	Richmondville	NMPC	Munis in NMPC (10)	3	NMPC - Cent.	NMPC - East	12/31/61	10/31/2013	OATT	3	3							3								
86	N/A	Munis in NMPC	NYPA	Munis in NMPC	58	Niagara	NMPC - Cent.	12/31/61	10/31/2013	Third Party TWA	58	58	58	58													
	N/A	Skaneateles	NMPC	Munis in NYS (10)	5	NMPC - Cent.	NMPC - Cent.	2/10/61	10/31/2013	OATT	5	5															
	N/A	Solvay	NMPC	Munis in NYS	53	NMPC - Cent.	NMPC - Cent.	2/10/61	8/31/2007	Third Party TWA	53	53															
87	N/A	Munis in NYSEG	NYPA	Munis in NYSEG	72	Niagara	NYSEG - Cent.	12/31/61	10/31/2013	Third Party TWA	72	72	72	72													

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		Requestor	Provider	Name	MW	From						To	DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI						
	N/A	Bath	NYSEG	In-State Munis/Coops (10)	13	NYSEG - Cent.	NYSEG - Cent.	2/3/82	6/30/2013	OATT	13	13																
	N/A	Endicott	NYSEG	In-State Munis/Coops (10)	9	NYSEG - Cent.	NYSEG - Cent.	2/3/82	6/30/2013	OATT	9	9																
	N/A	Greene	NYSEG	In-State Munis/Coops (10)	7	NYSEG - Cent.	NYSEG - Cent.	2/3/82	6/30/2013	OATT	7	7																
	N/A	Groton	NYSEG	In-State Munis/Coops (10)	4	NYSEG - Cent.	NYSEG - Cent.	2/3/82	6/30/2013	OATT	4	4																
	N/A	Marathon	NYSEG	In-State Munis/Coops	4	NYSEG - Cent.	NYSEG - Cent.	2/3/82	8/21/2007	Third Party TWA	4	4																
	N/A	Penn Yan	NYSEG	In-State Munis/Coops	13	NYSEG - Cent.	NYSEG - Cent.	2/3/82	8/21/2007	Third Party TWA	13	13																
	N/A	Silver Springs	NYSEG	In-State Munis/Coops (10)	1	NYSEG - Cent.	NYSEG - Cent.	2/3/82	6/30/2013	OATT	1	1																
	N/A	Steuben	NYSEG	In-State Munis/Coops	13	NYSEG - Cent.	NYSEG - Cent.	2/3/82	8/21/2007	Third Party TWA	13	13																
	N/A	Watkins Glen	NYSEG	In-State Munis/Coops	6	NYSEG - Cent.	NYSEG - Cent.	2/3/82	8/21/2007	Third Party TWA	6	6																
	N/A	Castile	NYSEG	In-State Munis/Coops (10)	2	NYSEG - Cent.	NYSEG - Cent.	2/3/82	6/30/2013	OATT	2	2																
88	N/A	Munis in NYSEG	NYPA	Munis in NYSEG	60	Niagara	NYSEG - East	12/31/61	10/31/2013	Third Party TWA	60	60	60	60	60													
	N/A	Delaware	NYSEG	In-State Munis/Coops	10	NYSEG - East	NYSEG - East	2/3/82	8/21/2007	Third Party TWA	10	10																
	N/A	Hamilton	NYSEG	In-State Munis/Coops (10)	11	NYSEG - East	NYSEG - East	2/3/82	6/30/2013	OATT	11	11																
	N/A	Oneida-Madison	NYSEG	In-State Munis/Coops	4	NYSEG - East	NYSEG - East	2/3/82	8/21/2007	Third Party TWA	4	4																
	N/A	Onsego	NYSEG	In-State Munis/Coops	8	NYSEG - East	NYSEG - East	2/3/82	8/21/2007	Third Party TWA	8	8																
	N/A	Sherbourne	NYSEG	In-State Munis/Coops (10)	13	NYSEG - East	NYSEG - East	2/3/82	6/30/2013	OATT	13	13																
	N/A	Rouses Point	NYSEG	In-State Munis/Coops (10)	14	NYSEG - North	NYSEG - North	2/3/82	6/30/2013	OATT	14	14																
89	N/A	Plattsburgh	NYPA	Niagara Hydro	103	Niagara	NYPA - E	12/31/61	10/31/2013	Third Party TWA	103	103	103	103	103													
90	N/A	Massena	NYPA	Niagara Hydro	23	Niagara	NYPA - E	12/31/61	10/31/2013	Third Party TWA	23	23	23	23	23													
91	N/A	Massena	NYSEG	NYSEG Energy Delivery	30	NYSEG - West	Niagara	7/1/92	10/31/2002	Third Party TWA	30	30																
	N/A	Massena	NYPA	NYSEG Energy Delivery	30	Niagara	NYPA - E	7/1/92	10/31/2002	Third Party TWA	30	30	30	30	30													
92	N/A	Reynolds	NYPA	Fitzpatrick	13	Fitzpatrick	NYPA-E	7/28/75	Indefinite	Third Party TWA	13	13																
98	136	NFTA	NMPC	NFTA	1	Moses 17-18	NYPA - E	7/30/85	Ret. of St. Lawrence	Third Party TWA	1	1																
99	159	Expansion Industrials	NMPC	Expansion Industrials	210	Niagara	NMPC - West	2/10/61	6/30/2013	Third Party TWA	210	210																
100	19	Replacement Industrials	NMPC	Replacement Industrials	445	Niagara	NMPC - West	2/10/61	1/1/2013	Third Party TWA	445	445																
101	N/A	Munis in RG&E	NYPA	Munis in RG&E	14	Niagara	RG&E	12/31/61	10/31/2013	Third Party TWA	14	14	14															
	N/A	Angelica	RG&E	Munis's & Coops (10)	2	RG&E	RG&E	12/31/61	10/31/2013	OATT	2	2																
	N/A	Spencerport	RG&E	Munis's & Coops (10)	12	RG&E	RG&E	12/31/61	10/31/2013	OATT	12	12																
102	178	Sithe	NMPC	Sithe Delivery	853	Sithe	Con Ed - North	11/5/91	8/19/2014	Third Party TWA	853	853																
103	175	Indeck-Corinth	NMPC	Corinth Delivery	134	Indeck-Corinth	Con Ed - North	6/26/91	7/1/2015	Third Party TWA	134	134																
104	171	Selkirk	NMPC	Selkirk Delivery	265	Selkirk-JMC	Con Ed - North	12/13/90	3/3/2012	Third Party TWA	265	265																
105	172	Lockport Energy (LEA)	NMPC	LEA Delivery	100	Harrison Rad	NYSEG - West	4/11/91	7/31/2012	Third Party TWA	100	100																
106	199	Cornwall Elec	NMPC	Rankin	30	Gardenville F/C	NYPA - E	11/1/89	Ret. of Rankine	Third Party TWA	30	30	30	30	30													
107	N/A	NYSEG	NYPA	Out-of-State Wheeling	7 to 0	Plattsburgh	VELCO	2/4/86	12/31/2009	Third Party TWA	7	7																
108	N/A	Out-of-State Munis - NJ	NYPA	Niagara Deliveries	14	Niagara	NYPA H	2/10/61	10/31/2003	Third Party TWA	14	14	14	14	14													
	73	Out-of-State Munis - NJ	CHG&E	Out-of-State Munis	14	CHG&E	O&R	2/28/90	10/31/2003	Third Party TWA	14	14																
	50	Out-of-State Munis - NJ	O&R	Out-of-State Munis	14	O&R	O&R	6/28/85	10/31/2003	Third Party TWA	14	14																
109	N/A	Out-of-State Munis - NE	NMPC	Niagara Deliveries	89	NYPA E	NYPA F	2/10/61	10/31/2003	Third Party TWA	89	89																
	N/A	Out-of-State Munis - NE	NYPA	Niagara Deliveries	89	Niagara	NMPC-Cent. Ea.	2/10/61	10/31/2003	Third Party TWA	89	89	89	89	89													
110	N/A	Allegheny Electric Coop.	NMPC	Out-of-State Munis	28	Niagara	NMPC - West	7/1/85	10/31/2003	Third Party TWA	28	28																
	N/A	City of Cleveland	NMPC	Out of State Munis	36	NMPC - West	NMPC - West	2/10/61	10/31/2003	Third Party TWA	36	36																

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Table 1 A - Existing Long Term Transmission Wheeling Agreements																						
Cont. #	FERC Rate Sch. Designation #	Transmission		Agreement				Cont. Est. Date	Cont. Exp. Date	Treatment (Refer to Attachment K)	Sum MW	Win MW	Interface Allocations - Summer Period									
		Requestor	Provider	Name	MW	From	To						DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI
111	N/A	Out-of-State Munis - VT	NYPA	Niagara Deliveries	14	Niagara	NYPA - E	2/10/61	10/31/2003	Third Party TWA	14	14	14	14	14							
	N/A	Out-of-State Munis - VT	NYPA	Niagara Deliveries	14	NYPA E	NYPA F	2/10/61	10/31/2003	Third Party TWA	14	14					14					
112	N/A	Out-of-State Munis - NE	NYPA	St. Lawrence Deliveries	17	Moses 17-18	NMPC-Cent. Ea.	2/10/61	10/31/2003	Third Party TWA	17	17				17						
	N/A	Out-of-State Munis - NE	NMPC	St. Lawrence Deliveries	17	NMPC-Cent. Ea.	NMPC - East	2/10/61	10/31/2003	Third Party TWA	17	17				17						
113	N/A	Out-of-State Munis - PA	NYPA	St. Lawrence Deliveries	20	Moses 17-18	NMPC - East	2/10/61	10/31/2003	Third Party TWA	20	20				20						
	N/A	Out-of-State Munis - PA	NMPC	St. Lawrence Deliveries	11	NMPC - East	NMPC - East	2/10/61	10/31/2003	Third Party TWA	11	11										
	N/A	Out-of-State Munis - OH	NYPA	St. Lawrence Deliveries	18	Moses 17-18	NMPC - West	2/10/61	10/31/2003	Third Party TWA	18	18	-18	-18	-18	18						
	N/A	Out-of-State Munis - OH	NMPC	St. Lawrence Deliveries	10	NMPC - West	NMPC - West	2/10/61	10/31/2003	Third Party TWA	10	10										
114	N/A	Out-of-State Munis - VT	NYPA	St. Lawrence Deliveries	1	Moses 17-18	NYPA F	2/10/61	10/31/2003	Third Party TWA	1	1				1	1					
139	122	NMPC	Con Edison					8/31/93		Terminated												
150	N/A	Out-of-State Munis - NJ	NYPA	St. Lawrence Deliveries	12	Moses 17-18	NYPA H	2/10/61	10/31/2003	Third Party TWA	12	12				12	12	12	12			
	73	Out-of-State Munis - NJ	CHG&E	Out-of-State Munis	12	CHG&E	O&R	2/28/90	10/31/2003	Third Party TWA	12	12										
	50	Out-of-State Munis - NJ	O&R	Out-of-State Munis	12	O&R	O&R	6/28/85	10/31/2003	Third Party TWA	12	12										
151	N/A	Munis in NMPC	NYPA	Munis in NMPC	83	Niagara	NMPC - West	12/31/61	10/31/2013	Third Party TWA	83	83										
	N/A	Andover	NMPC	Munis in NMPC (10)	1	NMPC - West	NMPC - West	2/10/61	10/31/2013	OATT	1	1										
	N/A	Arcade	NMPC	Munis in NMPC (10)	25	NMPC - West	NMPC - West	2/10/61	10/31/2013	OATT	25	25										
	N/A	Brocton	NMPC	Munis in NMPC (10)	3	NMPC - West	NMPC - West	2/10/61	10/31/2013	OATT	3	3										
	N/A	Little Valley	NMPC	Munis in NMPC (10)	4	NMPC - West	NMPC - West	2/10/61	10/31/2013	OATT	4	4										
	N/A	Mayville	NMPC	Munis in NMPC	4	NMPC - West	NMPC - West	2/10/61	8/31/2007	Third Party TWA	4	4										
	N/A	Salamanca	NMPC	Munis in NMPC (10)	14	NMPC - West	NMPC - West	2/10/61	10/31/2013	OATT	14	14										
	N/A	Springville	NMPC	Munis in NMPC (10)	9	NMPC - West	NMPC - West	2/10/61	10/31/2013	OATT	9	9										
	N/A	Wellsville	NMPC	Munis in NMPC (10)	10	NMPC - West	NMPC - West	2/10/61	10/31/2013	OATT	10	10										
152	N/A	Westfield	NMPC	Munis in NMPC	13	NMPC - West	NMPC - West	2/10/61	8/31/2007	Third Party TWA	13	13										
	N/A	Jamestown	NYPA	Jamestown	75	Niagara	NMPC - West		10/31/2013	Third Party TWA	75	75										
153	N/A	Jamestown	NMPC	Jamestown	100	NMPC - West	NMPC - West		8/31/2007	Third Party TWA	100	100										
	N/A	In-State Munis	NYPA	Fitzpatrick Firm Incremental	1/3	Fitzpatrick	NYSEG - Cent.		10/31/2013	Third Party TWA	1	3										
	N/A	Penn Yan	NYSEG	Fitzpatrick Firm Incremental	1/1	NYSEG - Cent.	NYSEG - Cent.		8/21/2007	Third Party TWA	1	1										
	N/A	Steuben	NYSEG	Fitzpatrick Firm Incremental	0/0	NYSEG - Cent.	NYSEG - Cent.		8/21/2007	Third Party TWA	0	0										
	N/A	Watkins Glen	NYSEG	Fitzpatrick Firm Incremental	1/2	NYSEG - Cent.	NYSEG - Cent.		8/21/2007	Third Party TWA	1	2										
	N/A	Marathon	NYSEG	Fitzpatrick Firm Incremental	0/0	NYSEG - Cent.	NYSEG - Cent.		8/21/2007	Third Party TWA	0	0										
154	N/A	In-State Munis	NYPA	Fitzpatrick Firm Incremental	1/6	Fitzpatrick	NYSEG - East		10/31/2013	Third Party TWA	1	6			1							
	N/A	Delaware	NYSEG	Fitzpatrick Firm Incremental	0/1	NYSEG - East	NYSEG - East		8/21/2007	Third Party TWA	0	1										
	N/A	Oneida-Madison	NYSEG	Fitzpatrick Firm Incremental	0/1	NYSEG - East	NYSEG - East		8/21/2007	Third Party TWA	0	1										
	N/A	Sherburne	NYSEG	Incremental EDP	1	NYSEG - East	NYSEG - East		8/21/2007	Third Party TWA	1	1										
	N/A	Otsego	NYSEG	Fitzpatrick Firm Incremental	0/3	NYSEG - East	NYSEG - East		8/21/2007	Third Party TWA	0	3										
155	N/A	In-State Munis	NYPA	Fitzpatrick Firm Incremental	2/4	Fitzpatrick	NMPC - West		10/31/2013	Third Party TWA	2	4	-2	-2								
	N/A	Mayville	NMPC	Fitzpatrick Firm Incremental	0/1	NMPC - West	NMPC - West		10/31/2013	Third Party TWA	0	1										
	N/A	Westfield	NMPC	Fitzpatrick Firm Incremental	0/1	NMPC - West	NMPC - West		10/31/2013	Third Party TWA	0	1										
	N/A	Arcade	NMPC	Incremental EDP	1	NMPC - West	NMPC - West		10/31/2013	Third Party TWA	1	1										
	N/A	Salamanca	NMPC	Incremental EDP	1	NMPC - West	NMPC - West		10/31/2013	Third Party TWA	1	1										
156	N/A	In-State Munis	NYPA	Fitzpatrick Firm Incremental	0/20	Fitzpatrick	NMPC-Genessee		10/31/2013	Third Party TWA	0	20		-0								

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Cont. #	FERC Rate Sch. Designation #	Transmission		Agreement			Cont. Est. Date	Cont. Exp. Date	Treatment (Refer to Attachment K)	Sum MW	Win MW	Interface Allocations - Summer Period																
		Requestor	Provider	Name	MW	From						To	DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI						
	N/A	Fairport	NMPC	Fitzpatrick Firm Incremental	0/20	NMPC-Genessee	NMPC-Genessee		10/31/2013	Third Party TWA	0	20																
157	N/A	In-State Munis	NYPA	Fitzpatrick Firm Incremental	2/19	Fitzpatrick	NMPC-Cent. Ea.		10/31/2013	Third Party TWA	2	19			2													
	N/A	Lake Placid	NMPC	Fitzpatrick Firm Incremental	0/11	NMPC-Cent. Ea.	NMPC-Cent. Ea.		10/31/2013	Third Party TWA	0	11																
	N/A	Sherrill	NMPC	Fitzpatrick Firm Incremental	2/3	NMPC-Cent. Ea.	NMPC-Cent. Ea.		10/31/2013	Third Party TWA	2	3																
	N/A	Tupper Lake	NMPC	Fitzpatrick Firm Incremental	0/5	NMPC-Cent. Ea.	NMPC-Cent. Ea.		10/31/2013	Third Party TWA	0	5																
158	N/A	In-State Munis	NYPA	Fitzpatrick Firm Incremental	0/0	Fitzpatrick	NMPC - Cent.		10/31/2013	Third Party TWA	0	0																
	N/A	Solvay	NMPC	Fitzpatrick Firm Incremental	0/0	Fitzpatrick	NMPC - Cent.		10/31/2013	Third Party TWA	0	0																
159	N/A	In-State Munis	NYPA	Fitzpatrick Firm Incremental	0/0	Fitzpatrick	RG&E		10/31/1999	Third Party TWA	0	0																
	N/A	Angelica	RG&E	Fitzpatrick Firm Incremental	0/0	RG&E	RG&E		10/31/1999	Third Party TWA	0	0																
160	N/A	In-State Munis	NYPA	Fitzpatrick Firm Incremental	0/1	Fitzpatrick	LIPA		10/31/2013	Third Party TWA	0	1			0		0	0	0	0	0	0	0	0	0	0	0	0
	N/A	Greenport	LIPA	Fitzpatrick Firm Incremental	0/1	LIPA	LIPA		10/31/2013	Third Party TWA	0	1																
161		Munis in NMPC																										
	N/A	Booneville	NMPC	Supplemental (10)	1/6	NMPC-Cent. Ea.	NMPC-Cent. Ea.	6/1/1998	10/31/2013	OATT	1	6																
	N/A	Frankfort	NMPC	Supplemental (10)	1/2	NMPC-Cent. Ea.	NMPC-Cent. Ea.	6/1/1998	10/31/2013	OATT	1	2																
	N/A	Ilion	NMPC	Supplemental (10)	0/2	NMPC-Cent. Ea.	NMPC-Cent. Ea.	6/1/1998	10/31/2013	OATT	0	2																
	N/A	Mohawk	NMPC	Supplemental (10)	0/1	NMPC-Cent. Ea.	NMPC-Cent. Ea.	6/1/1998	10/31/2013	OATT	0	1																
	N/A	Philadelphia	NMPC	Supplemental (10)	0/1	NMPC-Cent. Ea.	NMPC-Cent. Ea.	6/1/1998	10/31/2013	OATT	0	1																
	N/A	Theresa	NMPC	Supplemental (10)	0/0	NMPC-Cent. Ea.	NMPC-Cent. Ea.	6/1/1998	10/31/2013	OATT	0	0																
162		Munis in NMPC																										
	N/A	Akron	NMPC	Supplemental (10)	1/4	NMPC-Genessee	NMPC-Genessee	6/1/1998	10/31/2013	OATT	1	4																
	N/A	Churchville	NMPC	Supplemental (10)	0/1	NMPC-Genessee	NMPC-Genessee	6/1/1998	10/31/2013	OATT	0	1																
	N/A	Holley	NMPC	Supplemental (10)	0/2	NMPC-Genessee	NMPC-Genessee	6/1/1998	10/31/2013	OATT	0	2																
163		Munis in NMPC																										
	N/A	Richmondville	NMPC	Supplemental (10)	0/1	NMPC - Cent.	NMPC - East	6/1/1998	10/31/2013	OATT	0	1					0											
164		Munis in NMPC																										
	N/A	Skaneateles	NMPC	Supplemental (10)	0/2	NMPC - Cent.	NMPC - Cent.	6/1/1998	10/31/2013	OATT	0	2																
165		Munis in NYSEG																										
	N/A	Bath	NYSEG	Supplemental (10)	0/7	NYSEG - Cent.	NYSEG - Cent.	6/1/1998	6/30/2013	OATT	0	7																
	N/A	Endicott	NYSEG	Supplemental (10)	0/4	NYSEG - Cent.	NYSEG - Cent.	6/1/1998	6/30/2013	OATT	0	4																
	N/A	Greene	NYSEG	Supplemental (10)	0/3	NYSEG - Cent.	NYSEG - Cent.	6/1/1998	6/30/2013	OATT	0	3																
	N/A	Groton	NYSEG	Supplemental (10)	0/3	NYSEG - Cent.	NYSEG - Cent.	6/1/1998	6/30/2013	OATT	0	3																
	N/A	Castile	NYSEG	Supplemental (10)	0/0	NYSEG - Cent.	NYSEG - Cent.	6/1/1998	6/30/2013	OATT	0	0																
166		Munis in NYSEG																										
	N/A	Hamilton	NYSEG	Supplemental (10)	0/3	NYSEG - East	NYSEG - East	6/1/1998	6/30/2013	OATT	0	3																
	N/A	Sherbourne	NYSEG	Supplemental (10)	1/4	NYSEG - East	NYSEG - East	6/1/1998	6/30/2013	OATT	1	4																
	N/A	Rouses Point	NYSEG	Supplemental (10)	1/5	NYSEG - East	NYSEG - East	6/1/1998	6/30/2013	OATT	1	5																
167		Munis in RG&E																										
	N/A	Spencerport	RG&E	Supplemental (10)	0/2	RG&E	RG&E	6/1/1998	10/31/2013	OATT	0	2																
168		Munis in NMPC																										
	N/A	Arcade	NMPC	Supplemental (10)	1/13	NMPC - West	NMPC - West	6/1/1998	10/31/2013	OATT	1	13																
	N/A	Brocton	NMPC	Supplemental (10)	1	NMPC - West	NMPC - West	6/1/1998	10/31/2013	OATT	1	1																

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		Requestor	Provider	Name	MW	From						To	DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI				
	N/A	Mayville	NMPC	Supplemental (10)	1/3	NMPC - West	NMPC - West	6/1/1998	10/31/2013	OATT	1	3														
	N/A	Salamanca	NMPC	Supplemental (10)	1/5	NMPC - West	NMPC - West	6/1/1998	10/31/2013	OATT	1	5														
	N/A	Springville	NMPC	Supplemental (10)	1/4	NMPC - West	NMPC - West	6/1/1998	10/31/2013	OATT	1	4														
	N/A	Wellsville	NMPC	Supplemental (10)	0/3	NMPC - West	NMPC - West	6/1/1998	10/31/2013	OATT	0	3														
169	N/A	PG&E Energy Trading	NMPC	PG&E Energy Trading	40	NMPC - East	PJM Proxy	6/1/99	5/31/20/00	OATT	40	40	-40	-40	-40											
170	N/A	Allegheny Electric Coop.	NMPC	Allegheny Electric Coop.	30	NMPC - West	PJM Proxy	6/30/98	6/30/2001	OATT	30	30														
171	N/A	American Mun. Powr- Ohio	NMPC	American Mun. Powr- Ohio	36	NMPC - West	PJM Proxy	12/1/98	12/1/1999	OATT	36	36														
172	N/A	Niagara Mohawk Energy	NMPC	Niagara Mohawk Energy	52	NMPC - Cent. East	PJM Proxy	3/1/99	2/29/2000	OATT	52	52	-52	-52	-52											
173	N/A	Niagara Mohawk Energy	NMPC	Niagara Mohawk Energy	52	NMPC - West	PJM Proxy	3/1/99	2/29/2000	OATT	52	52														
174	N/A	NYPA	NMPC	BOC Gases	2.55	Fitzpatrick	NMPC - West	5/23/97	1/1/2010	OATT	3	3									3					
175	N/A	NYPA	NMPC	BOC Gases	14	Fitzpatrick	NMPC - East	5/23/97	1/1/2010	OATT	14	14									14					
176	N/A	NYPA	NMPC	BOC Gases	0.5	Fitzpatrick	NMPC - East	11/1/97	30 days notice	Terminated	1	1									1					
177	N/A	NYPA	NMPC	Air Products	13	Fitzpatrick	NMPC - East	5/23/97	1/1/2010	OATT	13	13									13					
178	N/A	NYPA	NMPC	Owens Corning	5	Fitzpatrick	NMPC - East	5/23/97	5/31/1999	Terminated																
179	N/A	NYPA	NMPC	Norampac Industries	9.1	Fitzpatrick	NMPC - West	3/1/97	1/1/2010	OATT	9	9	-9	-9												
180	N/A	NYPA	NMPC	Encore Paper	7.5	Fitzpatrick	NMPC - East	5/23/97	1/1/2010	OATT	8	8									8					
181	N/A	NYPA	NMPC	Encore Paper	1	Fitzpatrick	NMPC - East	2/15/98	1/1/2010	OATT	1	1									1					
182	N/A	NYPA	NMPC	Norampac Industries	0.2	Fitzpatrick	NMPC - West	6/1/98	1/1/2010	OATT	0	0	-0	-0												
183	N/A	NYPA	NMPC	Encore Paper	2	Fitzpatrick	NMPC - East	4/1/99	1/1/2010	OATT	2	2									2					
184	N/A	Expansion Industrials	NYSEG	Expansion Industrials	38	Niagara	NYSEG - West		6/30/2013	Third Party TWA	38	38														
185	N/A	Aloca	NYPA	St. Lawrence	239	Moses 17 - 18	NYPA - North	8/24/81	6/30/2013	Third Party TWA	239	239														
186	N/A	Reynolds	NYPA	St. Lawrence	239	Moses 17 - 18	NYPA - North	8/24/81	6/30/2013	Third Party TWA	239	239														
187	N/A	General Motors	NYPA	St. Lawrence	12	Moses 17 - 18	NYPA - North	6/23/92	6/30/2013	Third Party TWA	12	12														
189	N/A	SENY (5)	NYPA	Niagara OATT Reservation	422	Niagara	Con Edison	7/1/99	12/31/2017	OATT (6) (7)	422	422	422	422	422						422	422	422	422	422	
190	N/A	SENY (5)	NYPA	St. Lawrence OATT Reserv	178	St. Lawrence	Con Edison	7/1/99	12/31/2017	OATT (6) (7)	178	178									178	178	178	178	178	178

Legend: MWA - Modified Wheeling Agreement
TWA - Transmission Wheeling Agreement
Cont. Est. Date - Contract Establishment Date

Interface Designations: DE - Dysinger East
WC - West Central
VE - Volney East
MoS - Moses South
TE - Total East

US - UPNY/SENY
UC - UPNY/Con Ed
MS - Millwood South
DS - Dunwoodie South
CE-LI - Con Ed/LIPA

- Notes:
- (1) - Con Edison has TCCs/Rights for 300 MW from Dunwoodie to LIPA via Y-50 and back to Con Edison at the Jamaica Bus. Con Edison provides 71 MW of Transmission Service to LIPA Munis from Dunwoodie to LIPA.
 - (2) - Amount of TCCs is equivalent to the balance of the interface rating.
 - (3) - Existing agreements between RG&E and NMPC are being replaced by a separate Exit Agreement.
 - (4) - As amended.
 - (5) - NYPA's TCCs, allocated to their SENY Governmental load customers, across UPNY/Con Ed, Millwood South and Dunwoodie South will be up to 600 MW, or amounts otherwise available to NYPA pursuant to the grandfathered rights applicable under the Planning & Supply and Delivery Services Agreement between NYPA and Con Edison dated March 1989.
 - (6) - Subject to NYPA's obtaining non-discriminatory long term firm reservation through 2017 under their OATT.
 - (7) - NYPA's TCCs allocated to their SENY Governmental Load Customers will terminate on the earlier of December 31, 2017 or when NYPA no longer has an obligation to serve any of the SENY Loads or the retirement or sale of both IP#3 and Poletti.
 - (8) - This chart is intended to designate the maximum amount of capacity entitled to grandfathered treatment and does not constitute a right to use or schedule capacity independent of the underlying service agreement.

Effective: September 1, 1999

This Attachment will be revised prior to the commencement of ISO operations to reflect new OATT reservations.

- (9) - There are outstanding issues as to the treatment, for grandfathering purposes, of this portion of Niagara Mohawk Rate Schedule No. 165. Amendments to this Rate Schedule shall be the subject of a separate Section 205 filing(s) and shall not be part of the Member Systems Section 205 filing.
- (10) - Certain numbers shown herein are the result of preliminary negotiations with MEUA and are not effective prior to the conclusion of those negotiations. Consequently, these numbers may be modified in the final version of this Attachment.
- (11) - Con Edison has terminated its purchase of Indian Point3 effective January 1, 2000. At that time, the residual amount of available capacity will increase from 800 MW to 912 MW.
- (12) - These agreements may be the subject of amendment prior to ISO implementation. Any change in the terms of the agreements shall be reflected in the revision of this table that is to be issued prior to commencement of ISO operations.

This Attachment will be revised prior to the commencement of ISO operations to reflect new OATT reservations.

Table 1 B - Existing Short Term Transmission Wheeling Agreements																										
Cont. #	FERC Rate Sch. Designation #	Transmission		Agreement			Cont. Est. Date	Cont. Exp. Date	Treatment (Refer to Attachment K)	Sum MW	Win MW	Interface Allocations - Summer Period														
		Requestor	Provider	Name	MW	From						To	DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI				
188	N/A	Con Edison	NYPA	HO Capacity Purchase	400/208	Beau - E24	Con Ed - North	4/1/99	12/31/1999	OATT	400	208				400	400	400								

Legend: MWA - Modified Wheeling Agreement
 TWA - Transmission Wheeling Agreement
 Cont. Est. Date - Contract Establishment Date

Interface Designations:
 DE - Dysinger East
 WC - West Central
 VE - Volney East
 MoS - Moses South
 TE - Total East
 US - UPNY/SENY
 UC - UPNY/Con Ed
 MS - Millwood South
 DS - Dunwoodie South
 CE-LI - Con Ed/LIPA

Attachment L

This Attachment will be revised prior to the commencement of ISO operations to reflect new OATT reservations.

TABLE 2 - Existing Transmission Facility Agreements

	FERC Rate Sch. Designation #	Requestor	Provider	Transmission Facility Agreement Name
1	62	CHG&E	NYSEG	Vinegar Hill
2	2	CHG&E	Con Edison	Pleasant Valley
3	123	CHG&E	Con Edison	East Fishkill (Expansion)
4	55	CHG&E	NMPC	North Catskill
5	N/A	NYPA	CHG&E	Marcy South
6	43	Con Edison	CHG&E	Rock Tavern
7	42	Con Edison	CHG&E	Roseton
8	87	Con Edison	NYSEG	Mohansic-Facility
9	125	NYPA	Con Edison	East 13th Street
10	117	LIPA	Con Edison	Y-50 Feeder
11	N/A	LIPA	NYPA	Y-49 Sound Cable
12	26	NYSEG	CHG&E	Woodbourne-Smithfield
13	33	NYSEG	RG&E	Kintigh-Station 80
14	35	NYSEG	RG&E	Quaker Road
15	112	NYPA	NYSEG	Marcy South
16	186	NYPA	NMPC	Marcy South
17	42	NMPC	CHG&E	Roseton
18	124	O&R	Con Edison	Ladentown Switching Station
19	58	RG&E	NMPC	Clyde
20	127	NYPA	Con Edison	Sprainbrook (Y-49 Exp)
21	117	NY Coop	NYSEG	Delaware Coop
22	72	NY Coop	NYSEG	Bath Muni
23	90	NMPC	NYSEG	Retsof
24	58	NMPC	RG&E	Station 80
25	36	CHG&E	RG&E	Station 80 Capacitors
26	36	Con Edison	RG&E	Station 80 Capacitors
27	36	LIPA	RG&E	Station 80 Capacitors
28	36	NYSEG	RG&E	Station 80 Capacitors
29	36	NMPC	RG&E	Station 80 Capacitors
30	36	O&R	RG&E	Station 80 Capacitors
31	36	RG&E	RG&E	Station 80 Capacitors
32	36	NYPA	RG&E	Station 80 Capacitors
33	128	CHG&E	Con Edison	Ramapo Phase Angle Regulators ("PARs")
34	128	Con Edison	Con Edison	Ramapo PARs
35	128	LIPA	Con Edison	Ramapo PARs
36	128	NYSEG	Con Edison	Ramapo PARs
37	128	NMPC	Con Edison	Ramapo PARs
38	128	O&R	Con Edison	Ramapo PARs
39	128	RG&E	Con Edison	Ramapo PARs
40	128	NYPA	Con Edison	Ramapo PARs
41	126	O&R	Con Edison	Bowline-Ladentown
42	129	O&R	Con Edison	Ramapo-Branchburg
43	N/A	O&R	Con Edison	South Mahwah
44	N/A	NYPA	Con Edison	Marcy South

Effective: September 1, 1999

Attachment L

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TABLE 3 - Existing Transmission Capacity for Native Load

Transmission		Name	From	To	Est. Date	Code	Sum MW	Win MW	Interface Allocations - Summer Period										
Requestor	Provider								DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI	
1	Con Edison	Con Edison	Native Load-Bowline	Bowline	Con Edison	N/A	1	801	801							801	768	584	
2	Con Edison	Con Edison	Native Load-HQ Cap. Purchase	Con Ed - North	Con Edison	N/A	1	400	208							400	384	292	
3	Con Edison	Con Edison	Native Load-Gilboa	Con Ed - North	Con Edison	N/A	1	125	125							125	120	91	
4	Con Edison	Con Edison	Native Load-Roseton	Roseton-GN1	Con Edison	N/A	1	480	480							480	461	351	
5	Con Edison	Con Edison	Native Load-Corinth	Con Ed - North	Con Edison	N/A	1	134	134							134	129	98	
6	Con Edison	Con Edison	Native Load-Sithe	Con Ed - North	Con Edison	N/A	1	837	837							837	803	611	
7	Con Edison	Con Edison	Native Load-Selkirk	Selkirk	Con Edison	N/A	1	265	265							265	254	193	
8	Con Edison	Con Edison	Native Load-IP2	Indian Pt 2	Con Edison	N/A	1	893	893							893	679		
9	Con Edison	Con Edison	Native Load-IP3	Indian Pt 3	Con Edison	N/A	1	108	108							108	82		
10	Con Edison	Con Edison	Native Load-IP Gas Turbine	IP GT-Buchanan	Con Edison	N/A	1	48	48							48	36		
11	NMPC	NMPC	Native Load -NMP1	NMP1	NMPC - East	N/A	1	610	610			610		610					
12	NMPC	NMPC	Native Load -NMP2	NMP2	NMPC - East	N/A	1	460	460			460		460					
13	NMPC	NMPC	Native Load -Hydro North	Colton	NMPC - East	N/A	1	110	110					110					
14	NYSEG	NYSEG	Native Load-Homer City	Homer City	NYSEG - Cent.	N/A	1	863	863	863	863								
15	NYSEG	NYSEG	Native Load-Homer City	Homer City	NYSEG - West	N/A	1	100	100										
16	NYSEG	NYSEG	Native Load-Allegheny 8&9	Pierce Rd 230kV	NYSEG - Cent.	N/A	2	37	37	37	37								
17	NYSEG	NYSEG	Native Load-BCLP	Homer City	NYSEG - Cent.	N/A	2	80	80	80	80								
18	NYSEG	NYSEG	Native Load-LEA (Lockport)	NYSEG - West	NYSEG - Cent.	N/A	2	100	100	100	100								
19	NYSEG	NYSEG	Native Load-Gilboa	Gilboa	NYSEG - Mech	N/A	1	99	99										

Codes: Transmission capacity required:
 (1) - to deliver the output of generation resources located out of or across a Member Systems' Transmission District.
 (2) - to deliver power purchased under Third Party TWAs (i.e. - NUGs).

Notes: 1. If prior to the Centralized TCC Auction, all Grandfathered Transmission Service and the Transmission Capacity on this table are found not to be feasible, then the latter will be reduced until feasibility is ensured. A MW reduction based on a G-Shift Factor Method will be applied to the TCCs of the affected Transmission Providers.
 2. Interface Designations: DE - Dysinger East WC - West Central VE - Volney East
 MoS - Moses South TE - Total East US - UPNY/SENY
 UC - UPNY/Con Ed MS - Millwood South DS - Dunwoodie South
 CE-LI - Con Ed/LIPA

This Attachment will be revised prior to the commencement of ISO operations to reflect new OATT reservations.

Table 4 - Grandfathered Transmission Service By Interface Summer Capability Period										
Primary Owner	Interface(Megawatts)									
	DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI
Central Hudson	0	0	101	0	126	201	300	0	0	0
Con Edison	0	0	0	400	400	525	10	0	229	229
LIPA	0	0	362	0	362	412	412	355	656	656
NYSEG	675	675	564	328	504	342	327	0	0	0
NMPC	126	126	126	104	0	0	0	0	0	0
O&R	0	0	0	0	0	25	0	0	0	0
RG&E	134	150	150	55	150	0	0	0	0	0
NYPA	413	413	422	178	642	600	600	600	600	0
Third Party	659	550	1676	79	1392	1967	720	1467	1474	170
TOTAL	2007	1914	3401	1144	3576	4072	2369	2422	2959	1055
Winter Capability Period										
Primary Owner	Interface(Megawatts)									
	DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI
Central Hudson	0	0	101	0	126	201	300	0	0	0
Con Edison	0	0	0	208	208	333	10	0	229	229
LIPA	0	0	326	0	326	376	376	352	645	645
NYSEG	675	675	564	318	504	342	327	0	0	0
NMPC	126	126	126	104	0	0	0	0	0	0
O&R	0	0	0	0	0	25	0	0	0	0
RG&E	134	150	150	55	150	0	0	0	0	0
NYPA	413	413	422	178	642	600	600	600	600	0
Third Party	663	574	1712	79	1407	1981	734	1475	1482	178
TOTAL	2011	1938	3401	942	3363	3858	2347	2427	2956	1052

NOTES: 1. Interface Designations:

DE - Dysinger East
MoS - Moses South
UC - UPNY/Con Ed

WC - West Central
TE - Total East
MS - Millwood South

VE - Volney East
US - UPNY/SENY
DS - Dunwoodie South

CE-LI - Con Ed/LIPA

ATTACHMENT M
SALE OF TRANSMISSION
CONGESTION CONTRACTS (“TCCs”)

1.0 Overview of the Sales of TCCs

TCCs will be made available through both (i) the Centralized TCC Auction (“Auction”), which will be conducted under the direction of the ISO; and (ii) Direct Sales by the Transmission Owners, which will be non-discriminatory, auditable sales conducted by Transmission Owners solely on the OASIS in compliance with the applicable requirements and restrictions set forth in Order No. 889 et. seq.

Before each Auction, the ISO shall ensure that all Grandfathered Rights and Grandfathered TCCs correspond to a simultaneously feasible security constrained Power Flow. Should infeasibility occur, the TCC Reservations shown in Table 1 will be reduced until feasibility is assured, as described in Section 3.0.

After the establishment of a feasible set of Grandfathered Rights and Grandfathered TCCs, there will be an allocation of TCCs associated with any transmission capability that remains after Grandfathered Rights and Grandfathered TCCs have been taken into account. These Residual TCCs will be allocated to the Transmission Owners. Transmission Owners will be required to either sell these Residual TCCs through a Direct Sale on the OASIS prior to each Auction, or to sell them through each Auction. Each Transmission Owner may retain its Grandfathered TCCs except as noted in the next paragraph. If it sells those TCCs, it shall do so either through Direct Sales or through

Effective: September 1, 1999

Auctions. When selling TCCs, Transmission Owners are considered Primary Owners of those TCCs. Purchasers of TCCs, other than in a secondary market, are considered Primary Holders of those TCCs if they meet certain criterion outlined in Sections 7.0 and 9.4.

Upon implementation of the ISO, Transmission Owners with Existing Transmission Capacity for Native Load (“ETCNL”) will release that capacity for sale in the Auction.

2.0 General Description of the Auction Process

The first Auction conducted by the ISO will be a Transitional Auction, which will make TCCs available to Market Participants for the period between the time at which the ISO begins operation and the time at which the ISO has completed the development of the software that will be necessary in order to perform a multiple-round auction. When the development of this software is completed, the ISO shall conduct an Initial Auction, in which long-term TCCs will be available. This auction will consist of multiple rounds. The proportion of system transfer capability that will be set aside to support TCCs of varying durations will be determined before the Initial Auction is conducted. Then later, upon the completion of more sophisticated Auction software, the ISO will perform an End-State Auction, which will permit the bids submitted by Auction participants to determine the lengths of the TCCs sold in the Auction. Each of these types of Auctions is described in additional detail later in this Attachment. All bidders in the Auction must meet certain criterion outlined in Section 9 and if they are awarded TCCs they will be considered Primary Holders of those TCCs.

The Initial Auction will consist of a series of sub-auctions. These sub-auctions and the End-State Auction will be conducted in two stages, with each stage including several rounds. The transmission capacity that has been offered for sale in Stage 1 will be auctioned in not less than four

(4) rounds, unless the Transmission Owners unanimously consent to fewer rounds. A portion of that capacity will be auctioned in each of those rounds. In Stage 1, the TCCs available for sale in the Auction will include the Residual TCCs and ETCNL initially allocated to the Transmission Owners (but not sold through a Direct Sale) and any other TCCs offered for sale by a Primary Holder. In Stage 2, holders of TCCs may indicate whether they wish to sell those TCCs into a given round before that round begins. All of the TCCs that have been offered for sale in each round of Stage 2 will be auctioned in that round. Each Primary Owner, purchaser of a TCC in a previous round of the Auction, or purchaser of a TCC in a Direct Sale (if it meets the ISO's creditworthiness standards) may offer its TCCs for sale in any round of Stage 2. No one will be required to offer TCCs for sale in Stage 2.

The ISO shall hire an auctioneer to conduct the Auctions (with the exception of the Transitional Auction, for which the ISO may elect to hire an auctioneer). The auctioneer will run a security constrained Power Flow to determine the simultaneous feasibility of TCCs to be auctioned. The Power Flow model will treat all Grandfathered Rights and all Grandfathered TCCs (that have not been offered for sale in the Auction) and all Residual TCCs sold through a Direct Sale (that have not been offered for sale in the Auction) as fixed injections and withdrawals corresponding to the Points of Injection and Withdrawal for each of those Grandfathered Rights or Grandfathered TCCs, or Residual TCCs. As each ETA terminates, the Grandfathered Rights or TCCs associated with the

ETA shall be released for sale into the Auction. The revenues associated with the Auction of these TCCs shall be allocated among the Transmission Owners according to the Interface MW-Mile Methodology, as described in Attachment N.

In the Auction, bidders will place Bids specifying the maximum amount they are willing to pay for the TCCs they wish to purchase. The objective of the Auction will be to maximize the value of the TCCs awarded to the bidders, as valued by their Bids, subject to the Constraint that the set of all outstanding TCCs and Grandfathered Rights must correspond to a simultaneously feasible security-constrained Power Flow in each time period.

The Auction will determine prices for feasible TCCs. All bidders awarded TCCs in a round of the Auction will pay the Market Clearing Price in that round for those TCCs. Similarly, all TCC holders selling TCCs through the Auction will be paid the Market Clearing Price in that round for those TCCs.

Following the first Initial Auction, the ISO will conduct Reconfiguration Auctions on a monthly basis. At the discretion of the ISO, Reconfiguration Auctions may be conducted prior to the Initial Auction. Primary Holders of TCCs that are valid for the next month will be permitted to offer those TCCs for sale in the Reconfiguration Auction (as described in Section 8.6) for that month. Winning bidders in a Reconfiguration Auction will be awarded TCCs that will be valid for the next month.

3.0 Description of the Reduction Process

In some cases, the total set of Grandfathered TCCs (including Grandfathered Rights, ETCNL and TCCs allocated to participants in existing transmission contracts) may not correspond to a simultaneously feasible Power Flow in some period of time. In such cases, the TCCs Subject to Reduction, as listed in Table 1 of this Attachment (henceforth “Table 1 TCCs”), will be reduced for that period in order to make the total set of Grandfathered TCCs correspond to a simultaneously feasible Power Flow.

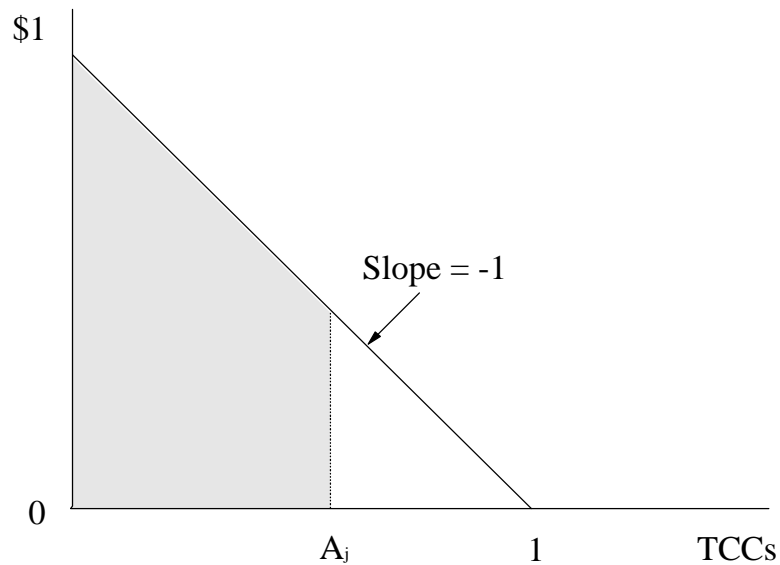
This reduction procedure will use the same optimization model that will be used in the TCC auction to determine the amount by which Table 1 TCCs will be reduced. Each Grandfathered TCC that is not included in Table 1 will be represented in the auction model by a fixed injection of 1 MW at that TCC’s injection location, and a fixed withdrawal of 1 MW at that TCC’s withdrawal location. Bids for each Table 1 TCC will consist of a line which intersects the y-axis at \$1/TCC (or any other value selected by the ISO, so long as that value is constant for each bid curve for all of these TCCs) and which intersects the x-axis at 1 MW. An example of the bid curve B_j for a representative Table 1 TCC is illustrated in the diagram below.

The TCC auction software will determine the proportion of each Table 1 TCC that will remain after reduction, which is designated as A_j in the diagram. The objective function that the TCC auction software will use to determine these coefficients A_j will be to maximize:

$$\sum_{j \in N} \int_0^{A_j} B_j$$

where N is the set of Table 1 TCCs, and all other variables are as defined above, subject to the Constraint that injections and withdrawals corresponding to all Grandfathered TCCs (including the remaining Table 1 TCCs), must correspond to a simultaneously feasible Power Flow. As a result, the objective function will maximize the area under the bid curve for each Table 1 TCC that remains after reduction, summed over all Table 1 TCCs, subject to the simultaneous feasibility constraint. This area for one Table 1 TCC is illustrated in the following diagram:

Bid Curve B_j for TCC j



4.0 Transition from OATT Service

The timing and transitional arrangements for the first Auction are as follows:

The first Auction will begin on the First Effective Date, which is 28 days before the first day of operation of the LBMP Market (which shall occur on the Second Effective Date). It will end two weeks prior to the Second Effective Date.

Two weeks before the first Auction (six weeks prior to the first day of operation of the LBMP Market), customers will no longer be permitted to enter into new firm service agreements under the Transmission Owners' current Open Access Transmission Tariffs ("OATTs") that would be grandfathered after the first day of operation of the LBMP Market. It is necessary for the Transmission Owners to cease renewing or offering new firm OATT service two weeks before the First Effective Date in order to be able to determine the transmission capacity that can support TCCs to be sold in the first Auction.

Until the First Effective Date, Transmission Customers will continue to be able to enter into new short-term agreements for monthly, weekly, or daily service under the Transmission Owners' current OATTs, terminating no later than the Second Effective Date.

The Transmission Owners will not have the opportunity to sell their Residual TCCs through a Direct Sale, as described in this Attachment, before the first Auction.

Two weeks before the first Auction, customers with Existing Transmission Agreements (including grandfathered OATT service) will be required to indicate whether they will opt to elect to convert their existing transmission rights to TCCs or to take Grandfathered Rights, in accordance with Attachment K.

5.0 Calculation of Residual Transmission Capacity to Establish Residual TCCs

Before the first Auction, the ISO shall calculate the Residual Transmission Capacity across each transmission Interface in both the Summer and Winter Capability Periods from the Operating Study Power Flow dispatch. The ISO shall determine the MW flow across each Interface in this Operating Study Power Flow. The ISO shall determine the Residual Transmission Capacity across each Interface in each Capability Period by subtracting the effects of injections and withdrawals corresponding to all Grandfathered TCCs and Grandfathered Rights on the MW flow across each Interface (which will be determined using a Shift Factor Analysis) from the MW flow determined in the Operating Study Power Flow.

The ISO shall then allocate the Residual Transmission Capacity across Interfaces to individual Transmission Owners in the form of Residual TCCs in accordance with the Interface MW-Mile Methodology. This allocation shall conform to a simultaneously feasible set of TCCs. The ISO's allocation of Residual TCCs to Transmission Owners shall remain the same for at least the duration of the LBMP Transition Period. At the conclusion of the LBMP Transition Period, the Transmission Owners will review this methodology and shall have the sole discretion to modify by unanimous vote, the procedure to be used to allocate Residual Transmission Capacity across Interfaces in the form of Residual TCCs, and to determine the duration of all such Residual TCCs allocated.

Residual TCCs for each Interface will constitute point-to-point TCCs, each from a Point of Injection in one Load Zone to a Point of Withdrawal in another Load Zone. The ISO shall calculate the number of Residual TCCs that each Transmission Owner will receive from each Point of Injection to each Point of Withdrawal by calculating the product of: (a) the number of Residual TCCs to be

allocated to each Transmission Owner across each Interface; (b) the ratio of Load served at that TCC's Point of Injection to total Load in the Load Zone containing that Point of Injection; and (c) the ratio of Load served at that TCC's Point of Withdrawal to total Load in the Load Zone containing that Point of Withdrawal. When estimating the amount of Load served at each bus (Point of Injection or Point of Withdrawal), the ISO shall use the same bus Loads used for calculating Zonal LBMPs.

6.0 Secondary Market for TCCs

After the conclusion of each Auction, all holders may sell those TCCs in the Secondary Markets. However, the ISO shall make all Settlements with Primary Holders.

7.0 Sale of TCCs by Transmission Owners directly over the OASIS ("Direct Sale")

Transmission Owners may sell their Residual TCCs and Grandfathered TCCs directly to buyers through a Direct Sale, except that TCCs will not be sold through Direct Sales before the Transitional Auction. Sellers and potential buyers shall communicate all offers to sell and buy TCCs, through a Direct Sale, solely over the ISO's OASIS.

Buyers in a Direct Sale that elect to become Primary Holders must meet the eligibility criteria in Section 9.0 of this Tariff. In addition, each potential buyer that elects to become a Primary Holder shall submit information to the ISO regarding the buyer's creditworthiness, as the ISO may require, along with a statement signed by the buyer, representing that the buyer is financially able and willing to pay for the TCCs it proposes to purchase as well as all other obligations associated with the purchase of such TCCs, including without limitation, Congestion Rents. The aggregate value of the buyer's offers to purchase TCCs (either in Direct Sales or in the Auction) and a reasonable estimate of the buyer's obligations associated with the purchase of such TCCs shall not exceed the buyer's

ability to pay, as determined by the ISO (based upon an analysis of the buyer's creditworthiness).

Where a buyer electing to become a Primary Holder fails to meet the eligibility criteria or the above financial criteria (as determined by the ISO), or fails to provide information required by the ISO, the seller of the TCCs in the Direct Sale shall be the Primary Holder with respect to those TCCs. The ISO shall make all Settlements with Primary Holders.

During the Direct Sale process, the Transmission Owner shall have the sole discretion to accept or reject an offer to purchase TCCs. Each Transmission Owner shall develop and apply a non-discriminatory method for choosing the winning offers consistent with FERC Order No. 889, et seq., and may establish eligibility requirements that shall be no more stringent than those set forth in Section 11 in this Tariff. The Transmission Owner shall post information regarding the results of the Direct Sale on the ISO's OASIS, promptly after the Direct Sale is completed. The information shall include: (i) the amount of TCCs sold (in MW); (ii) the Point of Injection and Point of Withdrawal for each TCC sold; and (iii) the price paid for each TCC.

Primary Owners of Residual TCCs shall inform the ISO of all sales of those TCCs, including the identity of the buyers. Transmission Owners may offer to sell Residual TCCs for a period not extending beyond the end of the LBMP Transition Period, and Grandfathered TCCs for periods not extending beyond the termination date of those TCCs; however, these TCCs shall not be valid (i.e., the Congestion Rent obligations of the holders of those TCCs shall not commence) until TCCs sold in the Initial Auction become valid. Payment for TCCs purchased in a Direct Sale shall be in accordance with the terms and conditions of the agreement between the buyer and seller.

8.0 Auctions for TCCs

8.1 Transmission Capacity Sold in Centralized Auctions for TCCs

In the Auction, the following transmission capacity shall be available for purchase in the form of TCCs: (1) all of the transmission capacity associated with ETCNL that the Transmission Owners do not sell through a Direct Sale in advance of the Auction; (2) all of the transmission capacity associated with Residual TCCs that the Transmission Owners do not sell through a Direct Sale in advance of the Auction; or (3) any other transmission capacity in excess of that claimed by ETAs and Residual TCCs.

8.2 Transitional Auction

Prior to the first day of operation of the LBMP Market, TCCs will be sold that will be valid from the first day of operation of the LBMP Market to the first day of the Summer 2000 Capability Period. The Transitional Auction will be accomplished through one round of bidding. It will not have two stages or multiple rounds. Any Primary Holder may offer its TCCs for sale in this Auction. Direct sales of TCCs by Transmission Owners will not be permitted prior to the Transitional Auction. TCCs made available in this Auction shall be subject to the provisions of each Transmission Owner's retail access program.

8.3 Phases of Long-Term TCC Auction

The ISO will make available long-term transmission service at a fixed price through the sale of long-term TCCs in an Auction which will be accomplished in two phases.

Phase 1: "Initial Auction" for Long-Term TCCs - subject to the Auction software being ready, the TCCs purchased in this Auction shall be valid starting with the first

Effective: September 1, 1999

day of the Summer 2000 Capability Period. These TCCs will have varying durations.

TCCs available for each of these durations will be sold in a separate “sub-auction.”

Phase 2: “End-State Auction” for Long-Term TCCs - When the end state software is ready, TCCs of different durations will be sold in a single Auction.

8.4 Phase 1: Initial Auction for Long-Term TCCs

TCCs with durations of 6 months and 1 year shall be available in the Initial Auction. TCCs with durations of 2 years, 3 years, 4 years or 5 years may also be available in this Auction.

The percentage of the transmission capacity that is sold in the Auction as TCCs of each of these different durations will be determined by the ISO, subject to certain limits. In the auction held in the spring of 2000, the ISO must sell no less than 65% of the transmission capacity sold in the Auction as TCCs with either a 6 month or 1 year duration. Subject to this constraint, the final decision concerning the percentage of the transmission capacity that will be sold in the Auction as TCCs of different durations will be made by the ISO. The ISO will conduct a polling process to assess the market demand for TCCs with different durations, which it will take into consideration when making this determination. The ISO may elect not to sell any TCCs with one or more of the above durations. However, all transmission capacity not associated with ETAs or outstanding TCCs must be available to support TCCs of some duration sold in the Auction.

The Initial Auction will consist of a series of sub-auctions, which will be conducted consecutively in the spring of 2000. In each sub-auction, TCCs of a single duration will be available (e.g., only TCCs with a five-year duration might be available in one sub-auction). Sub-auctions will be conducted in decreasing order of the length of the period for which TCCs sold in the sub-auction

are valid. Therefore, if the ISO were to determine that five years would be the maximum length of TCCs available in the Initial Auction, then the sub-auction for TCCs with a duration of five years would be held first. All TCCs sold in the 5-year TCC sub-auction (other than those offered for sale in the next sub-auction, as described below) would then be modeled as fixed injections and withdrawals in the next sub-auction, in which TCCs of the next longest duration, as determined by the ISO (e.g., four years), would be available for purchase. Following that sub-auction, TCCs sold in either of the first two sub-auctions (other than those offered for sale in the next sub-auction) would then be modeled as fixed injections and withdrawals in the third sub-auction (e.g., a sub-auction for TCCs with a duration of three years), etc.

TCCs purchased in any sub-auction may be resold in a subsequent sub-auction. For example, the purchaser of a 5-year TCC purchased in the 5 year sub-auction may release a 4-year TCC with the same injection and withdrawal points for sale in the 4-year sub-auction. Similarly, that purchaser could instead release a corresponding 3-year TCC for sale in the 3-year sub-auction. Any TCC that was outstanding before the Initial Auction may be released for sale in any sub-auction.

Each sub-auction shall consist of two stages, and each of the stages of which shall consist of at least four rounds. The ISO shall have the authority to determine the percentage of the available transmission capacity that will be sold in each round of each sub-auction. The ISO shall not announce these percentages before the sub-auctions. The ISO shall also determine the maximum duration of TCCs sold in the Initial Auction, subject to the limitations above, and whether the TCCs sold in an Initial Auction shall be separately available for purchase as peak and off-peak TCCs. (For purposes of this Attachment, the peak period will include the hours from 7 a.m. to 11 p.m. Prevailing Eastern

Time Monday through Friday. The remaining hours in each week will be included in the off-peak period.)

Following the Initial Auction the ISO will conduct an Auction in the fall of 2000 in which TCCs for the Winter 2000-2001 Capability Period will be available for purchase. In that Auction, all TCCs that were awarded in the Initial Auction will be modeled as fixed injections and withdrawals, with the exception of (i) TCCs with a duration of six months that were sold in the Initial Auction and (ii) any other TCCs sold in that Auction whose holders elect to release them for sale in the Winter 2000-2001 Auction. Any Primary Holder of an outstanding TCC may release it for sale in this Auction.

If necessary (e.g., due to delays in the development in the software required to implement the End-State Auction), the Initial Auction will be repeated in subsequent years (e.g., in the spring of 2001). In that event, the rules described above to govern the operation of an Initial Auction shall be applied to any repeated Initial Auction, with the exception that the minimum proportion of transmission capacity required to be set aside to support TCCs with a duration of six months or one year will not apply. All available transmission capacity will be sold in these auctions, including transmission capacity that would have been required to support Residual TCCs that the Transmission Owners do not sell directly in advance of the auction, any other transmission capacity in excess of that claimed by grandfathered transmission agreements, Residual TCCs and long-term TCCs sold in previous auctions whose Primary Holders offer those TCCs into the Auction.

8.5 Phase 2: End-State Auction for Long-Term TCCs

The End-State Auction will be held annually. The date for the first End-State Auction shall

Effective: September 1, 1999

be determined by the ISO. The period during which each TCC sold in an End-State Auction is valid shall begin on the beginning date of a Capability Period, and shall conclude on the ending date of a Capability Period.

The ISO will determine the maximum duration and minimum duration of the TCCs available in the End-State Auctions. The ISO shall have the authority to determine the percentage of the available transmission capacity that will be sold in each round of the Auction. The ISO shall not announce these percentages before the Auction. The ISO shall also determine the periods for which TCCs will be sold in End-State Auctions (e.g., TCCs valid during peak and off-peak periods, or TCCs valid during Winter and Summer Capability Periods). The ISO may elect to vary the duration or the periods for which TCCs will be available from one End-State Auction to the next End-State Auction.

The End-State Auction will not include separate sub-auctions for TCCs of different durations. Instead, TCCs of each permitted duration will be allocated as the result of the operation of a single Auction. If a Market Participant wishes to purchase a TCC beginning in the Summer Capability Period of 2003, and ending in the Winter Capability Period of 2004-2005, it would submit a single bid for this TCC. If that bid is a winning bid, the bidder would be awarded a TCC valid for the entire two year-long period; if the bid is a losing bid, the bidder would not receive the TCC for any portion of this period. The ISO will not specify in advance the portion of system transfer capability that will be used to create TCCs of differing durations. Rather, the durations of TCCs awarded will be determined as part of the objective of the Auction, and will depend on the bids submitted by participants in the Auction.

In a given round of the End-State Auction, the Market-Clearing Price determined for a TCC that is valid for multiple Capability Periods will equal the sum of the Market-Clearing Prices for shorter-term TCCs with the same injection and withdrawal locations, which in aggregate cover the same period for which the longer-term TCC is valid. (For example, the price of a TCC that is valid from May 2001 through April 2003 would equal the sum of the prices in that round for (1) TCCs valid from May 2001 through April 2002 and (2) TCCs valid from May 2002 through April 2003.)

The End-State Auction will include two stages, with each stage including multiple rounds of bidding, as described elsewhere in this Attachment.

Transmission capacity that can be used to support TCCs sold in End-State Auctions shall include all transmission capacity except that necessary to support the following: Residual TCCs that the Transmission Owners sell directly in advance of the Auction; any TCCs previously allocated (either in an Auction or through other means) that have not been offered for sale in this Auction; and transmission capacity needed to support Grandfathered Rights.

The End-State Auction will allow reconfiguration of the TCCs sold in the previous auctions. An entity holding a five-year TCC, for example, may release a TCC for some or all of the period for which that TCC is valid for sale in the End-State Auction.

If necessary, the ISO may elect to conduct a semi-annual auction to sell six-month TCCs between annual End-State Auctions. The transmission capacity that can be used to support TCCs purchased in this Auction shall include the portion of the transmission capacity sold in the previous End-State Auction as six-month TCCs, as well as any other outstanding TCC whose Primary Holder elects to release it for sale in this Auction.

8.6 Reconfiguration Auctions

A Reconfiguration Auction is an auction in which monthly TCCs may be offered and purchased. This will allow Market Participants to purchase and sell short-term TCCs. This auction will also capture short-term changes in transmission capacity. Following each Initial or End-State Auction, the ISO will conduct Reconfiguration Auctions. The ISO may conduct a Reconfiguration Auction prior to the Initial Auction. The Reconfiguration Auctions will be held monthly, beginning one month after the first Initial Auction of long-term TCCs, and TCCs purchased in Reconfiguration Auctions will be valid for the month following the Reconfiguration Auction. It will consist of a single round. Any Primary Holder of a TCC, including a purchaser of a TCC in an Auction that has not sold that TCC, may offer that TCC for sale in a Reconfiguration Auction. The transmission capacity used to support these TCCs, as well as any other transmission capacity not required to support already-outstanding TCCs, will be available to support TCCs purchased in the Reconfiguration Auction.

9.0 Procedures for Sales of TCCs in Each Auction

9.1 Auction Structure

Eligibility to Bid in Stage 1 and Stage 2 - TCCs may be offered for sale in each stage of the Auction. Primary Owners (who have not sold their TCCs in a Direct Sale), purchasers of TCCs in Direct Sales (who qualify as Primary Holders), and purchasers of TCCs in previous Auctions (who have not subsequently sold their TCCs) may offer TCCs for sale in Stage 1. If they do so, they must specify all of the TCCs they wish to offer in Stage 1 before Stage 1 begins. The following holders of TCCs may offer to sell TCCs in each round of Stage 2: (i) Primary Owners who

did not sell those TCCs in a Direct Sale or in a previous round of the Auction (in either Stage 1 or Stage 2); (ii) purchasers of TCCs in previous rounds of that Auction or in previous Auctions who have not subsequently sold those TCCs through an Auction; and (iii) purchasers of TCCs through a Direct Sale who qualify to become Primary Holders and have not already sold those TCCs through an Auction or through a Direct Sale.

Bid Requirements - Bidders shall submit Bids into the Auction in accordance with this Attachment. Bidders shall submit Bids such that the sum of the value of its Bids (excluding Bids for TCCs already held by that bidder) shall not exceed that bidder's ability to pay for TCCs.

Bidding Rounds - Bidders shall be awarded TCCs in each round of the Auction and shall be charged the Market Clearing Price for that round, as defined in this Attachment, for all TCCs they purchase. For purposes of determining payments to Primary Holders who release TCCs into the auction, each Primary Holder that offers TCCs for sale in Stage 1 of the Auction shall be deemed to have offered a portion of those TCCs for sale in each round of Stage 1 based on the scaling factors defined by the ISO for each round of the Auction (as further defined below). Prior to each Auction, the ISO shall determine the percentage of TCCs to be offered for sale in each round of Stage 1 of the Auction, such that all of the TCCs offered for sale in Stage 1 shall be offered by the last round of Stage 1. The percentages may be different in each round. The "scaling factor" for each round in Stage 1 shall equal the percentage of TCCs to be sold in Stage 1 that have not already been sold in a previous round of Stage 1, divided by the percentage of TCCs to be sold in that round of Stage 1. TCCs that may be sold in each round shall be determined by dividing the TCCs offered for sale in Stage 1 by the scaling factor applicable to that round (See examples in Section 9.9 herein).

Stage 2 of the Auction shall terminate: (i) if no Primary Owner of a Grandfathered or Residual TCC or purchaser of TCCs in an earlier round of the Auction offers to sell any TCCs in a round; (ii) if no TCCs are purchased or sold in two (2) consecutive rounds; or (iii) upon the satisfaction of other criteria defined by the ISO.

Primary Holders - The ISO shall make all Congestion Rent Settlements with Primary Holders.

Transitional and Reconfiguration Auctions - All rules stated in this section for Stage 1 of an Initial or an End-State Auction shall also apply to Transitional and Reconfiguration Auctions. The scaling factor for the single round of a Transitional and Reconfiguration Auction shall be one, since all transfer capability other than that needed to support already-outstanding TCCs and Grandfathered Rights will be available to support TCCs sold in the Auction.

9.2 Responsibilities of the ISO

The ISO shall establish the Auction rules and procedures consistent with this Tariff. The ISO shall hire an auctioneer to conduct the commercial aspects of the Auction (except that the ISO shall not be required to hire an auctioneer for the Transitional Auction). The ISO shall work with the auctioneer to conduct the Optimum Power Flows in each round of the Auction, until such time as the ISO determines that the auctioneer has gained sufficient expertise to conduct those Optimum Power Flows without direct ISO involvement. The ISO will continue to verify that the Optimum Power Flows calculated independently by the auctioneer in each round of the Auction, correspond to a simultaneously feasible Power Flow as described in Section 9.7, herein. The ISO shall notify the Transmission Owners if: (1) the Optimum Power Flow results calculated by the

auctioneer are inaccurate; (2) the Optimum Power Flow is not calculated in accordance with the correct procedure; or (3) in the ISO's objective opinion, the auctioneer is unable to conduct the required Optimum Power Flows adequately. The ISO shall dismiss and replace the auctioneer if in the ISO's reasonable judgement, the auctioneer is unable to conduct an Optimum Power Flow accurately and properly for the NYS Transmission System.

Additionally, the ISO will determine the information pertaining to the Auction to be made available to Auction participants over the OASIS and/or the auctioneer's information system and publish information on its OASIS accordingly. The ISO will identify the details to be included in development of the Auction software and arrange for development of the software.

The ISO will evaluate each bidder's ability to pay for TCCs. As a result of this evaluation, the ISO will state a limit before the Auction on the value of the TCCs that the entity may be awarded in Direct Sales or in the Auction, and collect signed statements from each entity bidding into the Auction committing that entity to pay for any TCCs that it is awarded in the Auction. Bidders will not be permitted to submit bids that exceed this allowable limit. Neither the ISO nor the auctioneer shall reveal the Bid Prices submitted by any bidder in the Auction until six months following the date of the Auction.

Upon completion of the Auction, the ISO will collect payment for all TCCs awarded for each round of the Auction. The ISO will disburse the revenues collected from the sale of TCCs to the Primary Holders upon completion of the Auction process. Each holder of a TCC that offers that TCC for sale in a round of the Auction shall be paid the Market Clearing Price for each TCC sold in that round by that holder. All remaining Auction revenues from each round (in Stage 1 or Stage

2) of the Auction shall be allocated among the Transmission Owners using the Interface MW-Mile Methodology, as described in Attachment N. This allocation will be performed separately for each round of the Auction.

9.3 Responsibilities of the Auctioneer

The auctioneer shall be capable of completing the Auction within the time frame specified in this Attachment. The auctioneer will establish an auditable information system to facilitate analysis and acceptance or rejection of Bids, and to provide a record of all Bids and provide all necessary assistance in the resolution of disputes that arise from questions regarding the acceptance, rejection, award and recording of Bids. The auctioneer will establish a system to communicate Auction-related information to all Auction participants between rounds of the Auction. (This last requirement will not apply to single-round Auctions.)

The auctioneer will receive Bids to buy TCCs from any entity that meets the eligibility criteria established in Section 11 of this Tariff and will implement the Auction bidding rules established by the ISO.

The auctioneer must possess the skills to solve Optimum Power Flows for the NYS Transmission System; properly utilize an Optimum Power Flow program to determine the set of winning Bids for each round of the Auction; and calculate the Market Clearing Price of all TCCs at the conclusion of each round of the Auction, in the manner described in this Attachment, and communicate winning Bids to the ISO.

The auctioneer shall have liability insurance sufficient to compensate and indemnify and defend the ISO from and against any claims, financial losses or injury resulting from the

auctioneer's acts or omissions.

9.4 Responsibilities of each Bidder

Each bidder shall submit the following information with its Bids: (i) the number of TCCs for which an offer to purchase is made, (ii) the Bid Price (in \$/TCC) which represents the maximum amount the bidder is willing to pay for the TCC (Bid Prices may be negative, indicating that a bidder would have to be paid in order to accept a TCC); (iii) the location of the Point of Injection and the Point of Withdrawal for the TCC to which the Bid applies (these locations may be any locations for which the ISO calculates an LBMP); (iv) if the Auction is an Initial Auction, the duration in multiples of Capability Periods of the TCC for which the bidder is bidding; and (v) if the Auction is an End-State Auction, the points in time at which the TCC bid upon begins to be valid (which must be the beginning of a Capability Period) and at which the TCC bid upon ceases to be valid (which must be the end of a Capability Period, and which may not extend beyond the last point in time for which TCCs will be available in that auction). Additionally, if the ISO offers TCCs for sale that are valid in sub-periods (e.g., peak or off-peak TCCs), this information must also be provided by the Bidder.

Each bidder must submit such information to the ISO regarding the bidder's creditworthiness as the ISO may require, along with a statement signed by the bidder, representing that the bidder is financially able and willing to pay for the TCCs for which it is bidding. The aggregate value of the Bids submitted by any bidder into the Auction shall not exceed that bidder's ability to pay or the maximum value of bids that bidder is permitted to place, as determined by the ISO (based on an analysis of that bidder's creditworthiness).

Each bidder must pay the Market Clearing Price for each TCC it is awarded in the Auction.

9.5 Selection of Winning Bids and Determination of the Market Clearing Price

The auctioneer shall determine the winning set of Bids in each round of the Auction as follows: (i) the auctioneer shall use an Optimal Power Flow program with the initial assumptions identified by the ISO; (ii) the Optimal Power Flow shall use the same Reference Bus and system security Constraints assumptions as used by the ISO; (iii) the auctioneer shall select the set of Bids that maximizes the value of the TCCs awarded to the winning bidders; (iv) the aggregate market value of the TCCs awarded to each bidder shall not exceed that bidder's ability to pay, since each bidder is not allowed to bid more than its ability to pay as determined by the ISO; and (v) the selected set of Bids must be simultaneously feasible as described in this Attachment.

In the Initial Auction, if the ISO elects to perform separate Auctions for peak and off-peak TCCs, the procedure used to select winning Bids in a peak Auction will not depend on winning Bids selected in an off-peak Auction; nor shall the procedure used to select winning Bids in an off-peak Auction depend on winning Bids selected in a peak Auction.

The Market Clearing Price for each TCC in each round of Stages 1 and 2 of an Auction shall be determined using a similar algorithm to that used to determine LBMPs (refer to Attachment J). The Market Clearing Price for each TCC shall be based on the lowest winning Bid made in that round for that TCC (or for other TCCs if injections and withdrawals corresponding to those TCCs would have the same impact on flows over congested Interfaces as injections and withdrawals corresponding to that TCC).

9.6 Billing

Charges for TCCs awarded in the Auction shall be billed upon completion of the Auction process.

9.7 Simultaneous Feasibility

The set of winning Bids selected in each round of Stage 1 shall correspond to a simultaneously feasible Power Flow, with the exception of the End-State Auction. In the End-State Auction, multiple Power Flows will be conducted in each round. One Power Flow will correspond to each of the Capability Periods for which TCCs are offered for Sale in that Auction. The set of winning bids for any given round of an End-State Auction shall correspond to a simultaneously feasible Power Flow in each of the Capability Periods for which TCCs are available in the Auction. References in the remainder of this section to “Power Flow” shall, in the case of the End-State Auction, be understood as referring to the “Power Flow for each of the Capability Periods for which TCCs are available in the Auction.”

The Power Flow must be able to accommodate in each round injections and withdrawals corresponding to each of the following TCCs and Grandfathered Rights: (i) TCCs not offered for sale in Stage 1, including: (a) Grandfathered TCCs or TCCs purchased in a previous Auction that have been not offered for sale in Stage 1 of the Auction; and (b) Residual TCCs sold in Direct Sales directly by Transmission Owners and not offered for sale in Stage 1 of the Auction by their purchaser; (ii) Grandfathered Rights; (iii) TCCs awarded in earlier rounds of Stage 1 (if applicable); and (iv) TCCs awarded in the current round of Stage 1. Each injection and withdrawal associated with TCCs and Grandfathered Rights will be multiplied by a scaling factor which

apportions the transmission capacity available in Stage 1 among each of the rounds in Stage 1. The use of this scaling factor is illustrated in the example in Section 9.9.

The set of winning Bids selected in each round of Stage 2 shall correspond to a simultaneously feasible Power Flow that can accommodate injections and withdrawals corresponding to the following: (i) TCCs not offered for sale in the current round of Stage 2 of the Auction which include (a) Grandfathered TCCs not sold in Stage 1 or any earlier round of Stage 2 that are not offered for sale in the current round, (b) Residual TCCs sold in Direct Sales by the Transmission Owners (that are not offered for sale in the current round or any earlier round of the Auction by their purchaser), and (c) TCCs sold in Stage 1, in earlier rounds of Stage 2, or in previous Auctions which have not been resold in subsequent Auctions and are not offered for sale in the current round; (ii) Grandfathered Rights; and (iii) TCCs awarded in the current round of Stage 2.

A set of injections and withdrawals shall be judged simultaneously feasible if it would not cause any thermal, voltage, or stability violations within the NYCA for base case conditions or any monitored contingencies.

When performing the above Power Flows, injections for TCCs that specify a Zone as the injection location will be modeled as a set of injections at each Load bus in the injection Zone (Generator buses will be used until the ISO's software can accommodate Load buses) equal to the product of the number of TCCs and the ratio of Load served at each bus to Load served in the Zone, based on the bus Loads used in calculating zonal LBMPs.

When performing the above Power Flows, withdrawals for TCCs that specify a Zone as the withdrawal location will be modeled as a set of withdrawals at each Load bus in the withdrawal

Zone (Generator buses will be used until the ISO's software can accommodate Load buses) equal to the product of the number of TCCs and the ratio of the Load served at each bus to the total Load served in the Zone based on the ISO's estimate of the bus Loads used in calculating the Zonal LBMPs.

The Power Flow simulations shall take into consideration the effects of parallel flows on the Transfer Capability of the NYS Transmission System when determining which sets of injections and withdrawals are simultaneously feasible.

9.8 Information to be Made Available to Bidders

The ISO shall provide, or require the auctioneer to provide, over the ISO's OASIS and/or the auctioneer's information system, the expected non-simultaneous Total Transfer Capability for each Interface (as displayed on the OASIS).

The auctioneer shall make the following information available before each Initial, End-State, or Reconfiguration Auction:

(i) for each Generator bus, external bus and Load Zone for the previous ten (10) Capability Periods, if available, (a) the average Congestion Component of the LBMP, relative to the Reference Bus, and (b) the average Marginal Losses Component of the LBMP, relative to the Reference Bus;

(ii) for the previous two Capability Periods, (a) historical flow histograms for each of the closed Interfaces, and (b) historically, the number of hours that the most limiting facilities were physically constrained;

(iii) (a) Power Flow data to be used as the starting point for the Auction, including

all assumptions, (b) assumptions made by the ISO relating to transmission maintenance outage schedules, (c) all limits associated with transmission facilities, contingencies, thermal, voltage and stability to be monitored as Constraints in the Optimum Power Flow determination, and (d) the ISO summer and winter operating study results (non-simultaneous Interface Transfer Capabilities);

(iv) between each round of bidding during the Auction, for all bidders bidding in subsequent rounds, the Market-Clearing Price, stated relative to the Reference Bus for each Generator bus, External bus and Load Zone; and

(v) for each TCC awarded in each round, (a) the number of TCCs awarded, (b) the Points of Injection and Withdrawal for that TCC, (c) the Market Clearing Price for the TCC, and (d) the Auction participant awarded the TCC.

Items (i) through (iv) above shall be made available separately for peak and off-peak periods, if peak and off-peak TCCs will be separately available for purchase in the upcoming Auction.

9.9 Auction Example

The following example is for purposes of illustration. For the purposes of this example, assume that the ISO has determined that one-fourth of the transmission capacity that has been offered for sale in Stage 1 will be available to support TCCs purchased in each of four Stage 1 rounds.

The example illustrates a sub-auction of an Initial Auction. It can also be used to illustrate the operation of the End-State Auction, if one makes the additional assumption that all bidders have offered to purchase TCCs of the same length, and that all sellers have released TCCs of that same length.

Round 1a

In the first round of Stage 1 (round 1a), suppose that 100 TCCs from location X to location Y are offered for sale into Stage 1 of the Auction, and four (4) Bids have been received by the auctioneer for TCCs from location X to location Y, as follows:

Company A Bids for 50 TCCs @ \$5.00/TCC

Company B Bids for 50 TCCs @ \$4.00/TCC

Company C Bids for 20 TCCs @ \$2.00/TCC

Company D Bids for 10 TCCs @ \$1.00/TCC

For the sake of simplicity, assume in this example that 100 TCCs from location X to location Y will actually be allocated in Stage 1 of the Auction, although in practice, the number of TCCs that would be available between those locations in Stage 1 would depend on the number of TCCs that were allocated between other locations on the transmission system, and could actually change from round to round within Stage 1.

Since one-fourth of the transmission capacity that has been offered for sale in Stage 1 is to be sold in round 1a, the number of TCCs specified in each of the Bids above is multiplied by a scaling factor of four:

Company	Scaled Number of TCCs Offers to Purchase	Bid Price
A	200	\$5/TCC
B	200	\$4/TCC
C	80	\$2/TCC
D	40	\$1/TCC

Since 100 TCCs are available from location X to location Y, Company A would be the only company that would receive TCCs in the current round, because its Bid is the highest Bid, in \$/TCC terms, and its scaled Bid for 200 TCCs exceeds the 100 TCCs available. Company A would be the winning bidder, and the Market Clearing Price for TCCs in this round would be Company A's Bid of \$5/TCC.

However, Company A would not actually be awarded 100 TCCs. Each winning Bid in each Stage 1 round will be divided by the scaling factor used for that round to determine the number of TCCs that would be awarded to each winning bidder. Thus, Company A's winning Bid for 100 scaled TCCs would be converted into an actual award of $100 \text{ TCCs} / 4 = 25 \text{ TCCs}$. Company A would be awarded 25 TCCs at the conclusion of round 1a, at a price of \$5/TCC.

Round 1b

Three-fourths of the TCCs that have been offered for sale in Stage 1 remain available after round 1a, so if one-fourth of all the TCCs that have been offered for sale in Stage 1 and to be sold in the second round of Stage 1 (round 1b), then one-third of the TCCs that have been offered for sale in Stage 1 remaining after round 1a must be sold in round 1b (since $1/3 \times 3/4 = 1/4$). Consequently, the scaling factor for round 1b would be three. We have assumed that 75 TCCs will now be available from location X to location Y in round 1b, once the 25 TCCs awarded to Company A in round 1a have been taken into account. Bids (including scaled Bids) into round 1b for TCCs between these locations are given below.

Company	Number of TCCs Company Offers to Purchase	Scaled Number of TCCs Company Offers to Purchase	Bid Price
A	30	90	\$6/TCC
B	50	150	\$5/TCC
C	20	60	\$3/TCC
D	10	30	\$2/TCC

Since 75 TCCs are available from location X to location Y, Company A would again be the only company that would receive TCCs in this round, because its Bid is the highest Bid, in \$/TCC terms, and its scaled Bid for 90 TCCs exceeds the 75 TCCs available. Company A would be the winning bidder, and the Market Clearing Price for TCCs in this round would be Company A's Bid, which has increased to \$6/TCC in this round.

However, Company A's winning Bid for 75 scaled TCCs would be converted into an actual award of $75 \text{ TCCs} / 3 = 25 \text{ TCCs}$. Company A would be awarded 25 TCCs at the conclusion of round 1b, at a price of \$6/TCC.

Round 1c

Half of the TCCs that have been offered for sale in Stage 1 remain available after rounds 1a and 1b, so half of the remaining the TCCs that have been offered for sale in Stage 1 must be sold in the third round of Stage 1 (round 1c), making the scaling factor for round 1c equal to two. We have assumed that 50 TCCs will now be available from location X to location Y in round 1c, once the 50 TCCs awarded to Company A in rounds 1a and 1b have been taken into account. Bids (including scaled bids) into round 1c for TCCs between these locations are given below.

Company	Number of TCCs Company Offers to Purchase	Scaled Number of TCCs Company Offers to Purchase	Bid Price
A	10	20	\$5/TCC
B	40	80	\$6/TCC
C	10	40	\$2/TCC
D	10	20	\$7/TCC

Since 50 TCCs are available between these locations, Company D, which now has the highest Bid, would be awarded 20 scaled TCCs, and Company B, which now has the second-highest Bid, would receive the next 30 scaled TCCs. The Market Clearing Price for TCCs in this round would be \$6/TCC, Company B's Bid.

However, the winning bids would be converted into actual awards of $20 \text{ TCCs} / 2 = 10 \text{ TCCs}$ to Company D, and $30 \text{ TCCs} / 2 = 15 \text{ TCCs}$ to Company B, each at a price of \$6/TCC.

Round 1d

All of the TCCs that have been offered for sale in Stage 1 that remain available after rounds 1a, 1b and 1c will be sold in the fourth round of Stage 1 (round 1d), so the scaling factor for round 1d would be one. In other words, there would be no scaling in round 1d. We have assumed that 25 TCCs will now be available from location X to location Y in round 1b, once the 75 TCCs awarded in rounds 1a, 1b and 1c have been taken into account. Bids into round 1d for TCCs between these locations are given below. (Note that Companies A and D have dropped out of the Auction at this point and Company E has entered the Auction, illustrating that there is no requirement for bidders in earlier rounds to Bid into later rounds or for bidders in later rounds to Bid into earlier rounds.)

Company	Number of TCCs Company Offers to Purchase	Bid Price
B	15	\$5/TCC
C	20	\$2/TCC
E	20	\$10/TCC

Since 25 TCCs are available between these locations, Company E, which now has the highest Bid, would be awarded 20 TCCs, and Company B, which has the second-highest Bid, would receive the last 5 TCCs. The Market Clearing Price for TCCs in this round would be \$5/TCC, Company B's Bid.

Stage 1 Summary

TCCs awarded from location X to location Y in Stage 1, and the prices paid for those TCCs, are as follows:

Company	Round	TCCs Awarded	Price
A	1a	25	\$5/TCC
A	1b	25	\$6/TCC
B	1c	15	\$6/TCC
B	1d	5	\$5/TCC
D	1c	10	\$6/TCC
E	1d	20	\$5/TCC

In this example, all revenues from this Auction would be paid to the holders of the 100

Residual TCCs from location X to location Y that released those TCCs for sale into Stage 1 of the Auction.

Stage 2

In the first round of Stage 2 (round 2a), assume that Company F, which holds 50 TCCs from location X to location Y (that it received as a result of a grandfathered transmission agreement) releases those TCCs for sale into the Auction. In addition, suppose that Company E releases the 20 TCCs from location X to location Y that it purchased in Stage 1 for sale into round 2a of the Auction, so that a total of 70 TCCs from location X to location Y have been released for sale into round 2a. Although it is possible that more or fewer than 70 TCCs from location X to location Y will actually be sold, depending on Bids made for TCCs between other locations, assume for purposes of the example that only 70 TCCs between these two locations are actually sold in round 2a.

Bids into round 2a are as follows:

Company	Number of TCCs Company Offers to Purchase	Bid Price
B	40	\$5/TCC
C	40	\$4/TCC
D	40	\$9/TCC

Company G, the highest bidder, would be awarded 40 TCCs, and Company B, the second highest bidder, would be awarded the remaining 30 TCCs. The Market Clearing Price in round 2a would be Company B's Bid, \$5/TCC, so the winning bidders in round 2a would pay \$5/TCC for the TCCs they are awarded in round 2a. Companies E and F would be paid \$5/TCC for each TCC from

location X to location Y that they released for sale into the Auction.

Subsequent rounds in Stage 2 would proceed in the same manner as round 2a.

Attachment M
Table 1

Table 1 - TCC Reservations Subject to MW Reduction																
	Reservation Holder	Name	From	To	Sum	Win	Interface Allocations - Summer Period									
					MW	MW	DE	WC	VE	MoS	TE	US	UC	MS	DS	CE-LI
1	Con Edison	Bowline	Bowline	Con Edison	801	801							801	768	584	
2	Con Edison	ST4 HQ	Con Ed - North	Con Edison	400	208							400	384	292	
3	Con Edison	Gilboa	Con Ed - North	Con Edison	125	125							125	120	91	
4	Con Edison	Roseton	Roseton-GN1	Con Edison	480	480							480	461	351	
5	Con Edison	Corinth	Con Ed - North	Con Edison	134	134							134	129	98	
6	Con Edison	Sithe	Con Ed - North	Con Edison	837	837							837	803	611	
7	Con Edison	Selkirk	Selkirk	Con Edison	265	265							265	254	193	
8	Con Edison	IP2	Indian Pt 2	Con Edison	893	893								893	679	
9	Con Edison	IP3	Indian Pt 3	Con Edison	108	108								108	82	
10	Con Edison	IP Gas Turbine	IP GT-Buchanan	Con Edison	48	48								48	36	
11	NMPC	NMP1	NMP1	NMPC - East	610	610			610		610					
12	NMPC	NMP2	NMP2	NMPC - East	460	460			460		460					
13	NMPC	Hydro North	Colton	NMPC - East	110	110					110					
14	NYSEG	Homer City	Homer City	NYSEG - Cent.	863	863	863	863								
15	NYSEG	Homer City	Homer City	NYSEG - West	100	100										
16	NYSEG	Allegheny 8&9	Pierce Rd 230kV	NYSEG - Cent.	37	37	37	37								
17	NYSEG	BCLP	Homer City	NYSEG - Cent.	80	80	80	80								
18	NYSEG	LEA (Lockport)	NYSEG - West	NYSEG - Cent.	100	100	100	100								
19	NYSEG	Gilboa	Gilboa	NYSEG - Mech	99	99										
20	SENY (2) (4)	Niagara OATT Reservation	Niagara	Con Edison	422	422	422 ³	422 ³	422 ³		422 ³	422 ³	422 ³	422 ³	422 ³	422 ³
21	SENY (2) (4)	St. Lawrence OATT Reserv.	St. Lawrence	Con Edison	178	178				178 ³	178 ³	178 ³	178 ³	178 ³	178 ³	178 ³

Notes: 1. Interface Designations: DE - Dysinger East WC - West Central VE - Volney East
 MoS - Moses South TE - Total East US - UPNY/SENY
 UC - UPNY/Con Ed MS - Millwood South DS - Dunwoodie South
 CE-LI - Con Ed/LILCO

- Subject to NYPA's obtaining non-discriminatory long term firm reservation through 2017 under their OATT.
- NYPA's TCCs allocated to their SENY Governmental Load Customers, across UPNY/Con Ed, Millwood South and Dunwoodie South will be up to 600 MW, or amounts otherwise available to NYPA pursuant to the grandfathered rights applicable under the Planning & Supply and Delivery Services Agreement between NYPA and Con Edison dated March 1989.
- NYPA's TCCs allocated to their SENY Governmental Load Customers will terminate on the earlier of December 31, 2017 or when NYPA no longer has an obligation to serve any SENY Loads or the retirement or sale of both IP#3 and Poletti.

ATTACHMENT N

ALLOCATION OF TCC SALES REVENUES, EXCESS CONGESTION RENTS AND CONGESTION RENT SHORTFALL

1.0 Allocation and Distribution of Revenues

The ISO shall allocate and distribute all revenues resulting from: (i) the accumulated Excess Congestion Rents; (ii) the sale of Residual TCCs in the Centralized TCC Auction; and (iii) the sale of Grandfathered TCCs in the Centralized TCC Auction. Also, the ISO shall collect all Congestion Rent Shortfalls.

2.0 Distribution of Revenues from Sale of Grandfathered TCCs in the Centralized TCC Auction

The ISO shall distribute to each holder of a TCC selling that TCC in the Centralized TCC Auction the Market Clearing Price of that TCC in the round of the Centralized Auction in which that TCC was sold. In the event a Grandfathered TCC¹ is terminated by mutual agreement of the parties to the Grandfathered ETA prior to the conditions specified within Attachments K and L, then the ISO shall distribute the revenues from the sale of the newly created Residual TCCs, which correspond to the terminated Grandfathered TCCs, in the Centralized TCC Auction directly back to the Transmission Owner identified in Attachment L, until such time the conditions specified within Attachments K and L are met. Upon such time that the conditions within Attachments K and L are met, the ISO shall allocate the revenues from the sale of the newly created Residual TCCs, which

¹ These TCCs include TCCs, if any, associated with those rate schedules to which footnote 9 of Attachment L pertains, whether by mutual agreement or otherwise.

correspond to terminated Grandfathered TCCs, in the Centralized Auction in accordance with Section 3.2 of this Attachment.

3.0 Allocation of Revenues from the Sale of Residual TCCs, Excess Congestion Rents and Congestion Rent Shortfalls

3.1 The ISO shall allocate the Excess Congestion Rents and Congestion Rent Shortfalls using the Interface MW-Mile Methodology based on the Power Flows used in the Centralized TCC Auction.

3.2 The ISO shall allocate the revenues from the sale of Residual TCCs as follows:

- Revenues associated with Residual TCCs that were determined before the first Centralized TCC Auction was conducted, shall be distributed directly to each Primary Owner for the duration of the LBMP Transition Period.
- Revenues associated with all other Residual TCCs, including Residual TCCs determined during the Centralized TCC Auction and TCCs released from ETAs when they are terminated (refer to Attachment M), shall be allocated back to the Transmission Owners using the Interface MW-Mile Methodology.

3.3 Where the Interface MW-Mile Methodology applies, the ISO shall allocate an amount equivalent to the product of (1) the IMWM(i) coefficient, and (2) either the Excess Congestion Rent revenue, Congestion Rent Shortfall or the revenue from the Centralized TCC Auction.

Effective: September 1, 1999

3.4 The IMWM(i) coefficient is calculated as follows:

$$IMWM(i) = \sum_{j=1}^{TCC} \sum_{k=1}^{10} \left[\left(\frac{mwmile_{ik}}{\sum_{i=1}^{TrO} mwmile_{ik}} \right) \cdot \left(\frac{CC_{jk}}{\sum_{l=1}^{10} CC_{jl}} \right) \right]$$

Where,

- i = Transmission Owner for which the coefficient is calculated.
- j = TCC for which the coefficient is calculated.
- k = Interface for which the coefficient is calculated.
- l = Interface for which the coefficient is calculated.
- TrO = Number of Transmission Owner.
- TCC = Number of TCCs sold in the Centralized TCC Auction.
- $mwmile_{ik}$ = Total of the megawatts times miles of circuits in zones associated with Interface k for Transmission Owner i .
- CC_{jk} = Congestion associated with a TCC j across Interface k .
- CC_{jl} = Congestion associated with a TCC j across Interface l .

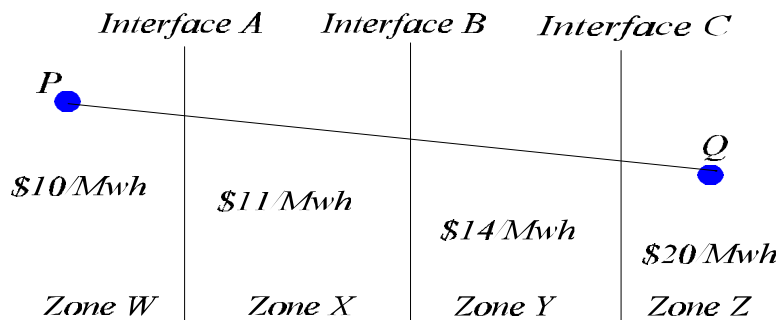
The first term of the above equation shall be referred to as the MW-mile component and the second term of the above equation shall be referred to as the Congestion Component. When calculating the IMWM(i) coefficient for distribution of revenues from the Centralized TCC Auction, the ISO shall determine the Congestion Component across

Interfaces using the Power Flow used in the same Centralized TCC Auction in which the TCCs were sold.

An exception to the above procedure, is that the MW-Mile component of the IMWM(i) coefficient associated with the Con Edison -LIPA Interface used to allocate Excess Congestion Rents or Congestion Rent Shortfalls shall be based on the firm contractual agreements among the parties that own transmission facilities on this Interface.

When calculating the IMWM(i) coefficient for distribution of Excess Congestion Rents, or Congestion Rent Shortfalls, the ISO shall replace the Congestion Component values with the Transmission Fund (T-fund) percentages in effect under the NYPP Agreement at the time the ISO Tariff becomes effective until the first Centralized TCC Auction.

3.5 Example of IMWM(i) Coefficient Calculation



GIVEN: Auctioned a single 100MW TCC From P TO Q
TCC REVENUES = \$1000
THREE INTERFACES: A,B,C
FOUR ZONES: W,X,Y,Z

GENERATION in ZONE W

LOAD in ZONE Z (Losses are ignored)

LBMP \$/Mwh: W= \$10, X= \$11, Y= \$14, and Z= \$20

Zone	Company	MW-Miles
w	1	100
w	2	100
x	1	200
x	2	400
y	1	100
y	2	100
z	1	200
z	2	600

The IMWM(i) coefficient:

COMPANY 1:

$$\begin{aligned}
 \text{IMWM}(1) &= ((100+200)/800) * (1/10) && \implies \text{Interface A: Zone W,X} \\
 &+ ((200+100)/800) * (3/10) && \implies \text{Interface B: Zone X,Y} \\
 &+ ((100+200)/1000) * (6/10) && \implies \text{Interface C: Zone Y,Z} \\
 &= .0375 + .1125 + .18 = .33
 \end{aligned}$$

COMPANY 2:

$$\begin{aligned}
 \text{IMWM}(2) &= ((100+400)/800) * (1/10) && \implies \text{Interface A: Zone W,X} \\
 &+ ((400+100)/800) * (3/10) && \implies \text{Interface B: Zone X,Y} \\
 &+ ((100+600)/1000) * (6/10) && \implies \text{Interface C: Zone Y,Z} \\
 &= .0625 + .1875 + .42 = .67
 \end{aligned}$$

REVENUES for COMPANY 1 = .33 * \$1000 = \$330

REVENUES for COMPANY 2 = .67 * \$1000 = \$670

ATTACHMENT O

SERVICE AGREEMENT FOR NETWORK INTEGRATION TRANSMISSION SERVICE

- 1.0 This Service Agreement, dated as of _____, 19__, is entered into, by and between the New York System Operator ("ISO") and _____ ("Transmission Customer").
- 2.0 The Transmission Customer has been determined by the ISO to have a valid request for Network Transmission Service under the Tariff and to have satisfied the conditions for service imposed by this 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 Network Transmission Service in accordance with the provisions of this Tariff, including the Network Operating Agreement (which is incorporated herein by reference), and this Service Agreement as they may be amended from time to time.
- 5.0 Any notice or request to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

New York Independent System Operator
3890 Carman Road
Guilderland, New York 12303

Effective: September 1, 1999

Transmission Customer:

6.0 This Tariff for Network Integration Transmission Service 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.

New York Independent System Operator

By: _____
Name Title Date

Transmission Customer

By: _____
Name Title Date

CERTIFICATION

I, _____, certify that I am a duly authorized officer of _____ (Transmission Customer) and that _____ (Transmission Customer) will not request service under this Service Agreement to assist an Eligible Customer to avoid the reciprocity provision of this Open Access Transmission Tariff.

(Name)

(Title)

Subscribed and sworn before me
this _____ day of _____, 19____.

(Notary Public)

My Commission expires: ____/____/____

**SPECIFICATION FOR NETWORK
INTEGRATION TRANSMISSION SERVICE**

1.0 Term of Transaction: _____

Start Date: _____

Termination Date: _____

2.0 Description of Capacity and/or Energy to be transmitted within the NYCA
(including electric control area in which the transaction originates).

3.0 Network Resources: _____

4.0 Network Load: _____

5.0 Designation of party subject to reciprocal service obligation: _____

6.0 Name(s) of any Intervening Systems providing transmission service: _____

7.0 Service under this Agreement may be subject to some combination of the charges
detailed below. (The appropriate charges for individual transactions will be
determined in accordance with the terms and conditions of this Tariff.)

7.1 Embedded Cost Transmission Charge: _____

7.2 Facilities Study Charge: _____

7.3 Direct Assignment Facilities Charge: _____

7.4 Ancillary Services Charge: _____

7.5 Other Supporting Facilities Charge: _____

Revised: 5/6/99
Effective: 9/01/99

Effective: September 1, 1999

ATTACHMENT P

DATA REQUIREMENTS FOR BILATERAL TRANSACTIONS

- Table P-1: Data Requirements for Internal Generators Engaged in Bilateral Transactions
- Table P-2: Data Requirements for External Generators Engaged in Bilateral Transactions
- Table P-3: Data Requirements for Generator Commitment Bids for Generators Engaged in Bilateral Transactions
- Table P-4: Data Requirements for Bilateral Transaction Schedule Requests

Attachment P
Table P-1
Data Requirements for Internal Generators Engaged in Bilateral Transactions

Data Item	Cat.	Bid Parameters	Variability	Comments
Company Name	G	--	Static Required	Parent Organization
Generator Name/No.	G	--	Static Required	
Generator Unit Code/ID	G	--	Static Required	Unique code which identifies the generator to the ISO
Bus	G	Bus No.	Static Required	Specific location of Generator within the NYCA
Submitted By	G	Name	May vary Required	Organization submitting bid. Multiple organization can be authorized to submit bids with the ISO accepting the most recent. A single organization must be specified to receive invoices from the ISO.
DMNC (Summer & Winter)	P/G	MW	Static Required	Dependable Maximum Net Capability. Confirmed by test for units with installed capacity contracts, or historical production data.
Power Factor	P/G	MW/MVA	Static Optional	Generator's tested Power Factor for producing reactive power (MVARs) at normal high operating limit MW output level, provided it is at least 90% of DMNC. This is required for Generators receiving Voltage Support Payments.
Installed Capacity Contracts	G	MW	May vary Required	Installed Capacity contracts in effect with LSEs within the NY Control Area. The ISO may limit maximum and/or minimum amounts of Installed Capacity by location due to reliability Constraints.
Upper Operating Limit	C/D	MW	May change by hour for Day-Ahead Required	Maximum output of a unit that could be expected in any hour of the following operating day. The ISO must be informed of a limit change that results in less capability.
Normal Response Rate (NRR)	P/C/D	MW/min.	May vary Required	To be provided as an expected response rate for SCD. The minimum acceptable response rate is 1% of a unit's gross output per minute.
Regulation Response Rate (RRR)	P/C/D	MW/Min.	Same as NRR Optional	To be provided as an expected response for regulation. If RRR differs from NRR, the total expected response rate is restricted to the maximum of the two rates.
Emergency Response Rate (ERR)	P/C/D	MW/Min. or Piecewise linear curve with MW Output as independent variable and MW/Min. as dependent variable	Same as NRR Optional	To be provided as expected response for reserve pickups; ERR must at least equal NRR. If ERR is reduced, then unit will be subject to a performance penalty if called upon. ERR for Class B Reserve bidders must at least equal the static NRR from Pre-Qualification data. Bidders must inform ISO of all changes to ERR.
Reactive Power Capability	P/G	Piecewise linear curve with MW as independent variable and +/- MVARs as dependent variable	Static Optional	Update as changed.

Notes:

Internal Generators Engaged in Bilateral Transactions are located within the NYCA.
 Cat. = Data Categories: **G** = General; **P** = Pre-Qualification; **C** = Commitment; **B** = Balancing; **D** = Dispatch; **I** = Installed Capacity.
 Static Data remains relatively constant over the lifetime of bids but can be changed.
 General Data may be provided electronically or by mail, but requires a confirmation or Pre-Qualification process by the ISO.
 Some data will require substantiation by a test; actual data bid may be subject to validation checking against Pre-Qualification data.
 Optional = Required only when providing or bidding to provide the associated service.

Attachment P
Table P-2
Data Requirements for External Generators Engaged in Bilateral Transactions

This data is not required for an external source when a proxy unit is used as the source.

Data Item	Cat.	Bid Parameters	Variability	Comments
Company Name	G	--	Static Required	Parent Organization
Generator Name/No.	G	--	Static Required	
Generator Unit Code/ID	G	--	Static Required	Unique code which identifies the generator to the ISO
Control Area Proxy Bus	G	External Control Area and Proxy Bus No.	Static	Location of Generator External to the NYCA.
Submitted By	G	Name	May vary Required	Organization submitting bid. Multiple organization can be authorized to submit bids with the ISO accepting the most recent. A single organization must be specified to receive invoices from the ISO.
DMNC	P/G	MW	Static Required	Dependable Maximum Net Capability. Confirmed by test for units with installed capacity contracts. This data is not required for an external source when a proxy unit is used as source.
Installed Capacity Contracts	P/G	MW	Variable (not within a bid) Optional	Installed Capacity contracts in effect with LSEs within the NYCA. The ISO may limit maximum and/or minimum amounts of Installed Capacity by location due to reliability Constraints.
Upper Operating Limit	C/D	MW	May change by hour for Day-Ahead Required	Maximum output of a unit that could be expected in any hour of the following operating day. The ISO must be informed of a limit change that results in less capability.

Notes:

External Generators engaged in Bilateral Transactions are located outside the NYCA.
 Cat. = Data Categories: **G** = General; **P** = Pre-Qualification; **C** = Commitment; **B** = Balancing; **D** = Dispatch; **I** = Installed Capacity.
 Static Data remains relatively constant over the lifetime of bids but can be changed.
 General Data may be provided electronically or by mail, but requires a confirmation or Pre-Qualification process by the ISO.
 Some data will require substantiation by a test; actual data bid may be subject to validation checking against Pre-Qualification data.
 Optional = Required only when providing or bidding to provide the associated service.

Attachment P
Table P-3
Data Requirements for Generator Commitment Bids for Generators Engaged in Bilateral Transactions

This data is not required for an external source when a proxy unit is used as the source.

Data Item	Cat.	Bid Parameters	Variability	Comments
Startup Time	C/B	Hours:Minutes or Piecewise linear curve with Hours Off-Line as independent variable and Hours to Start as dependent variable	May be changed for any Day-Ahead Commitment Required	Length of time needed to startup an off-line Generator, synchronize it to the power grid, and stabilize at minimum.
Startup Bid Price	C/B	\$ to Start or Piecewise linear curve with Hours Off-Line as independent variable and \$ to Start as dependent variable	May be changed for any Day-Ahead Commitment Required	
Minimum Run Time	C/B	Hours:Minutes	May be changed for any Day-Ahead Commitment; may not be changed once unit is on-line Required	Duration of time that Generator must run once started before it can subsequently be decommitted. Minimum Run Time cannot be honored past the end of the Dispatch Day.
Minimum Down Time	C/B	Hours:Minutes	May be changed for any Day-Ahead Commitment Required	Duration of time that Generator must remain off-line following decommission before it can be re-started.
Maximum Number of Startups per Day	C/B	No.	Static Required	

Notes:

Cat. = Data Categories: **G** = General; **P** = Pre-Qualification; **C** = Commitment; **B** = Balancing; **D** = Dispatch; **I** = Installed Capacity.
Static Data remains relatively constant over the lifetime of bids but can be changed.

Attachment P
Table P-4
Data Requirements for Bilateral Transaction Schedule Requests
(Internal or External Generators Associated With Bilateral Transaction Schedule Requests
Must Complete Table P-1 or Table P-2 Respectively and Table P-3)

Data Item	Cat.	Bid Parameters	Variability	Comments
Company Names	G/P	--	Static	Both the buyer (LSE receiving the Transaction) and seller (actual Generator supplying the Transaction) must be identified.
Point of Injection (Source) Location	C/B	For Internal Generators: Gen I.D. or For External Generators: Proxy Gen I.D.	May Vary Daily	Same as Table P-1 or P-2 designation: specific location of Generator within the NYCA; or location of Generator External to the NYCA.
Point of Withdrawal (Sink Location)	C/B	For Internal Loads: Load I.D. or For External Loads: Load I.D.	May Vary Daily	
Submitted By	C/B	Name	May vary	
Firm vs. Non-Firm Transmission Service	C/B	Designate whether Firm or non-Firm Transmission Service is desired; also designate NERC Contract Priority.	May vary daily	Firm transmission service may be subject to Congestion charges; non-Firm Transmission Service will avoid Congestion (to the extent feasible).
Desired Schedule	C/B	MW	May vary for Day-Ahead by hour; if not scheduled may request BME (Hour Ahead) Schedule	
Decremental Bid	C/B	Generally the same as Energy Bids from Internal (On-Dispatch and Off-Dispatch) and External Generators bid may be negative.	May vary for Day-Ahead by hour; if not scheduled may submit different BME (Hour Ahead) Decremental Bid	Decremental bid may consist of single price block bid for minimum loading segment along with single price block bids or piecewise linear curve for levels above minimum. Resulting bid "curves" must be monotonically increasing (possessing a positive slope at all points).
Price Capped Energy Block Bid for Load	C/B	No. Of Blocks, MW/Block, and \$/MW/Block	May vary for Day-Ahead by hour.	Bidding is limited to the Day-Ahead Market.

Notes:

Cat. = Data Categories: **G** = General; **P** = Pre-Qualification; **C** = Commitment; **B** = Balancing; **D** = Dispatch; **I** = Installed Capacity.