

2.52 Existing Transmission Agreement (“ETA”)

An agreement between two or more Transmission Owners, or between a Transmission Owner and another entity, as defined in the ISO Agreement and the ISO OATT.

2.52.1 Expected Load Reduction

For purposes of determining the Real-Time Locational Based Marginal Price, the reduction in Load expected to be realized in real-time from activation of the Emergency Demand Response Program and from Load reductions requested from Special Case Resources, as established pursuant to ISO Procedures.

2.52a Expedited Dispute Resolution Procedures

The dispute resolution procedures applicable to disputes arising out of the Installed Capacity provisions of this Tariff (as set forth in Section 5.16) and the Customer Settlements provisions of this Tariff (as set forth in Section 7.4.5).

2.53 Exports

A Bilateral Transaction or purchases from the LBMP Market where the Energy is delivered to an NYCA Interconnection with another Control Area.

2.54 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.

2.54a External Bilateral Transactions

Bilateral transactions where the Point of Injection and/or Point of Withdrawal is located outside of the NYCA.

2.55 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).

Issued by: Stephen G. Whitley, President
Issued on: October 30, 2008

Effective: January 1, 2009

2.78 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.

2.79 Internal ~~Bilateral~~ Transactions

~~Bilateral transactions Purchases, sales or exchanges of Energy, Capacity or Ancillary Services~~ where both the Point of Injection and Point of Withdrawal ~~Generator and Load~~ are located within the NYCA.

2.80 Investment Grade Customer

A Customer that meets the criteria set forth in Article II of Attachment K to this Services Tariff.

2.80a 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.

2.81 ISO Administered Markets

The Day-Ahead Market and the Real-Time Market (collectively the "LBMP Markets") and any other market or auction administered by the ISO.

2.179 Total Transfer Capability ("TTC")

The amount of electric power that can be transferred over the interconnected transmission network in a reliable manner.

2.179a Trading Hub

A virtual location in a given zone, modeled as a generator bus and/or load bus, for the purpose of transferring energy settlement obligations with the ISO via Internal Bilateral Transactions.

2.179b Trading Hub Energy Owner

A Customer who buys energy and sinks it at a Trading Hub, or who sells energy by sourcing it from a Trading Hub.

2.180 Transaction

The purchase and/or sale of Energy or Capacity, or the sale of Ancillary Services.

2.181 Transfer Capability

The measure of the ability of interconnected electrical systems to reliably move or

4.92.4 Security Constrained Unit Commitment (“SCUC”)

Subject to ISO Procedures and Good Utility Practice, the ISO will develop a SCUC schedule over the Dispatch Day using a computer algorithm which simultaneously minimizes the total Bid Production Cost of: (i) supplying power or Demand Reductions to satisfy accepted purchasers’ Bids to buy Energy from the Day-Ahead Market; (ii) providing sufficient Ancillary Services to support Energy purchased from the Day-Ahead Market consistent with the Regulation Service Demand curve and Operating Reserve Demand Curves set forth in Rate Schedules 3 and 4 respectively of this ISO Services Tariff; (iii) committing sufficient Capacity to meet the ISO’s Load forecast and provide associated Ancillary Services; and (iv) meeting Bilateral Transaction schedules submitted Day-Ahead **excluding schedules of Bilateral Transactions with Trading Hubs as their sinks**. The computer algorithm shall consider whether accepting Demand Reduction Bids will reduce the total Bid Production Cost. The schedule will include commitment of sufficient Generators and/or Demand Side Resources to provide for the safe and reliable operation of the NYS Power System. Pursuant to ISO Procedures, the ISO may schedule any Resource to run above its UOL_N up to the level of its UOL_E . In cases in which the sum of all Bilateral Schedules, **excluding Bilateral Schedules for Transactions with Trading Hubs as their sinks**, and all Day-Ahead Market purchases to serve Load within the NYCA in the Day-Ahead schedule is less than the ISO’s Day-Ahead forecast of Load, the ISO will commit Resources in addition to the Operating Reserves it normally maintains to enable it to respond to contingencies. The purpose of these additional resources is to ensure that sufficient Capacity is available to the ISO in real-time to enable it to

Issued by: Elaine D. Robinson, Dir. Reg. Affairs

Effective: May 24, 2008

Issued on: March 24, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER04-230-023, issued July 20, 2006, 116 FERC ¶ 61,043 (2006).

meet its Load forecast (including associated Ancillary Services). In considering which additional Resources to schedule to meet the ISO's Load forecast, the ISO will evaluate unscheduled Imports, and will not schedule those Transactions if its evaluation determines the cost of those Transactions would effectively exceed a Bid Price cap in the hours in which the Energy provided by those Transactions is required. In addition to all Reliability Rules, the ISO shall consider the following information when developing the SCUC schedule: (i) Load forecasts provided to the ISO and adjusted as required by the ISO; (ii) Ancillary Service

requirements as determined by the ISO given the Regulation Service Demand Curve and Operating Reserve Demand Curves referenced above; (iii) Bilateral Transaction schedules **excluding Bilateral Schedules for Transactions with Trading Hubs as their sinks**; (iv) price Bids and operating Constraints submitted for Generators or for Demand Side Resources; (v) price Bids for Ancillary Services; (vi) Decremental Bids and Sink Price Cap Bids for External Transactions; (vii) Ancillary Services in support of Bilateral Transactions; and (viii) Bids to purchase or sell Energy from or to the Day-Ahead Market. External Transactions with minimum run times greater than one hour will only be scheduled at the requested Bid for the full minimum run time. External Transactions with identical Bids and minimum run times greater than one hour will not be prorated. The SCUC schedule shall list the twenty-four (24) hourly injections and withdrawals for: (a) each Customer whose Bid the ISO accepts for the following Dispatch Day; and (b) each Bilateral Transaction scheduled Day-Ahead **excluding Bilateral Transactions with Trading Hubs as their sinks**.

In the development of its SCUC schedule, the ISO may commit and de-commit Generators and Demand Side Resources, based upon any flexible Bids, including Minimum Generation Bids, Start-Up Bids, Curtailment Initiation Cost Bids, Energy, and Incremental Energy Bids and Decremental Bids received by the ISO provided however that the ISO shall commit zero megawatts of Energy for Demand Side Resources committed to provide Operating Reserves and Regulation Service.

The ISO will select the least cost mix of Ancillary Services and Energy from Suppliers, Demand Side Resources, and Customers submitting Virtual Transactions bids. The ISO may

provide the Transmission Owner with the Load forecast (for seven (7) days) as well as the ISO security evaluation data to enable local area reliability to be assessed.

4.2.7 Day-Ahead LBMP Market Settlements

The ISO shall calculate the Day-Ahead LBMPs for each Load Zone and at each Generator bus and Demand Reduction Bus as described in Attachment B. Each Supplier that bids a Generator into the ISO Day-Ahead Market and is scheduled in the SCUC to sell Energy in the Day-Ahead Market will be paid the product of: (a) the Day-Ahead hourly LBMP at the applicable Generator bus; and (b) the hourly Energy schedule. For each Demand Reduction Provider that bids a Demand Reduction into the Day-Ahead Market and is scheduled in SCUC to provide Energy from the Demand Reduction, the LSE providing Energy service to the Demand Side Resource that accounts for the Demand Reduction shall be paid the product of: (a) the Day-Ahead hourly LBMP at the applicable Demand Reduction Bus; and (b) the hourly demand reduction scheduled Day-Ahead (in MW). In addition, each Demand Reduction Provider that bids a Demand Reduction into the

Day-Ahead Market and is scheduled in the SCUC to provide Energy through Demand Reduction shall receive a Demand Reduction Incentive Payment from the ISO equal to the product of: (a) the Day-Ahead hourly LBMP at the Demand Reduction bus; and (b) the lesser of the actual hourly Demand Reduction or the scheduled hourly Demand Reduction (in MW). Each LSE that bids into the Day-Ahead Market, including each Customer that submits a Bid for a Virtual Transaction, and has a schedule accepted by the ISO to purchase Energy in the Day-Ahead Market will pay the product of: (a) the Day-Ahead hourly Zonal LBMP at each Point of Withdrawal; and (b) the scheduled Energy at each Point of Withdrawal. Each Customer that submits a Virtual Transaction bid into the ISO Day-Ahead Market and has a schedule accepted by the ISO to sell Energy in a Load Zone in the Day-Ahead Market will receive a payment equal to the product of (a) the Day-Ahead hourly zonal LBMP for that Load Zone; and (b) the hourly scheduled Energy for the Customer in that Load Zone. **Each Trading Hub Energy Owner who bids into the Day-Ahead Market and has its schedule(s) accepted by the ISO to sell and/or buy energy at a Trading Hub will pay or will receive a payment equal to the product of: (a) the Day-Ahead hourly zonal LBMP for that Load Zone; and (b) the hourly net MW position of the Trading Hub, which is the sum of the hourly energy schedules (in MW) in the Trading Hub.**

Generators and Demand Side Resources may not submit separate Operating Reserves Availability Bids in real-time and will instead automatically be assigned a real-time Operating Reserves Availability Bid of zero for the amount of Operating Reserves they are capable of providing in light of their response rate (as determined under Rate Schedule 4).

2. Bids Associated with Internal and External Bilateral Transactions

Customers may seek to modify Bilateral Transactions that were previously scheduled Day-Ahead or propose new Bilateral Transactions, including External Transactions **but excluding Bilateral Transactions with Trading Hubs as their sinks**, for economic evaluation by RTC. Bids associated with Internal Bilateral Transactions shall be subject to the rules set forth above in Section 4.2.2(G).

Except as noted in Attachment N to this ISO Services Tariff, Sink Price Cap Bids or Decremental Bids for External Transactions may be submitted into RTC up to seventy five minutes before the hour in which the External Transaction would flow. External Transaction Bids must have a one hour duration, must start and stop on the hour, and must have constant magnitude for the hour. Intra-hour schedule changes, or Bid modifications, associated with External Transactions will not be accommodated.

4.5 Real-Time Market Settlements

Transmission Customers taking service under the Tariff, shall be subject to the Real-Time Market Settlement. All withdrawals and injections not scheduled on a Day-Ahead

Issued by: William J. Museler, President
Issued on: January 28, 2005

Effective: February 1, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER04-230-000, et. al., issued February 11, 2004, 106 FERC ¶ 61,111 (2004).

basis, including Real-Time deviations from any Bilateral Transaction schedules **excluding Bilateral Transactions with Trading Hubs as their sources or sinks**, shall be subject to the Real-Time Market Settlement. Transmission Customers not taking service under this Tariff shall be subject to balancing charges as provided for under the ISO OATT. Settlements with External Suppliers or External Loads will be based upon hourly scheduled withdrawals or injections. Real-Time Market Settlements for injections by Resources supplying Regulation Service or Operating Reserves shall follow the rules which are described in Rate Schedules 3 and 4, respectively.

For the purposes of this section, the scheduled output of each of the following Generators in each RTD interval shall retroactively be set equal to its actual output in that RTD interval:

- (i) Generators providing Energy under contracts executed and effective on or before November 18, 1999 (including PURPA contracts) in which the power purchaser does not control the operation of the supply source but would be responsible for penalties for being off-schedule, with the exception of Generators under must-take PURPA contracts executed and effective on or before November 18, 1999 who have not provided telemetering to their local TO and historically have not been eligible to participate in the NYPP market, which will continue to be treated as TO Load modifiers under the ISO-administered markets;
- (ii) Existing topping turbine Generators and extraction turbine Generators producing electric Energy resulting from the supply of steam to the district

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER04-230-000, et. al., issued February 11, 2004, 106 FERC ¶ 61,111 (2004).

steam system located in New York City (LBMP Zone J) in operation on or before November 18, 1999 and/or topping or extraction turbine Generators utilized in replacing or repowering existing steam supplies from such units (in accordance with good engineering and economic design) that cannot follow schedules, up to a maximum total of 499 MW of such units.

This procedure shall not apply to a Generator for those hours it has bid in a manner that indicates it is available to provide Regulation Service or Operating Reserves.

In subsections A, B, C, D, E and F of this Section ~~4.4.5~~ 4.5, references to “scheduled” Energy injections and withdrawals shall encompass injections and withdrawals that are scheduled Day-Ahead, as well as injections and withdrawals that occur in connection with real-time Bilateral Transactions **excluding Bilateral Transactions with Trading Hubs as their sources or sinks**. In subsections A, C, D and F of this Section ~~4.4.5~~ 4.5, references to Energy Withdrawals and Energy Injections shall not include Energy Withdrawals or Energy Injections in Virtual Transactions. **In Subsections G and H of this Section 4.5, references to Energy Withdrawals and Energy Injections shall encompass withdrawals and injections that occur in connection with Real-Time Bilateral Transactions with Trading Hubs as their sources or sinks. In addition, in Subsections G and H of this Section 4.5, references to “scheduled” Energy Withdrawals and Energy Injections shall mean Real-Time schedules of Bilateral Transactions with Trading Hubs as their sources or sinks.**

Generators that are providing Regulation Service shall not be subject to the real-time Energy market settlement provisions set forth in this Section, but shall instead be subject to the Energy settlement rules set forth in Section 6.0 of Rate Schedule 3 of this ISO Services Tariff.

All Financial Impact Charges collected by the ISO shall be used to reduce the charges assessed under Rate Schedule 1 of this ISO Services Tariff.

E. Settlement for Customers Scheduled To Purchase Energy in Virtual Transactions in Load Zones

The Actual Energy Withdrawal in a Load Zone by a Customer scheduled Day-Ahead to purchase Energy in a Virtual Transaction is zero and the Customer shall be paid the product of:

(1) the Real-Time LBMP calculated in that hour for the applicable Load Zone; and (b) the scheduled Day-Ahead Energy Withdrawal of the Customer for that Hour in that Load Zone.

F. Settlement When Actual Energy Injections Exceed Scheduled Energy Injections

When actual Energy injections from a Generator over an RTD interval exceed the Energy injections scheduled Day-Ahead over the RTD interval the Supplier shall be paid the product of:

(1) the

Issued by: William J. Museler, President
Issued on: January 28, 2005

Effective: February 1, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER04-230-000, et. al., issued February 11, 2004, 106 FERC ¶ 61,111 (2004).

Real-Time LBMP calculated in that RTD interval for the applicable Generator bus and (2) the difference between the lesser of (i) the Supplier's actual Energy injection or (ii) its Real-Time Scheduled Energy Injection for that RTD interval, plus any Compensable Overgeneration and the Supplier's Day-Ahead scheduled Energy injection over the RTD interval, unless the payment that the Supplier would receive for such injections would be negative (i.e., unless the LBMP calculated in that RTD interval at the applicable Generator's bus is negative) in which case the Supplier shall be paid the product of: (1) the Real-Time LBMP calculated in that RTD interval for the applicable Generator bus and (2) the difference between the Supplier's actual Energy injection for that RTD interval and the Supplier's scheduled Energy injection over that RTD interval. Suppliers shall not be compensated for Energy in excess of their Real-Time Scheduled Energy Injections, except: (i) for Compensable Overgeneration; (ii) when the ISO initiates a large event reserve pickup or a maximum generation pickup under RTD-CAM; or (iii) when a Transmission Owner initiates a reserve pickup in accordance with a Reliability Rule, including a Local Reliability Rule. When there is no large event reserve pickup or maximum generation pickup, or when there is such an instruction but a Supplier is not located in the area affected by the maximum generation pickup, that Supplier shall not be compensated for Energy in excess of its Real-Time Scheduled Energy Injection plus any Compensable Overgeneration. When there is a reserve pickup, or when there is a maximum generation pickup and a Supplier is

located in the area affected by it, and the Supplier was either scheduled to operate in RTD or subsequently was directed to operate by the ISO, that Supplier shall be paid based on the

Issued by: William J. Museler, President
Issued on: January 28, 2005

Effective: February 1, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER04-230-000, et. al., issued February 11, 2004, 106 FERC ¶ 61,111 (2004).

product of: (1) the Real-Time LBMP calculated in that RTD Interval for the applicable Generator bus; and (2) the actual Energy injection minus the Energy injection scheduled Day-Ahead. Generators will not be compensated for Energy produced during their start-up sequence.

G. Settlement When Scheduled Energy Withdrawals Exceed Scheduled Energy Injections at a Trading Hub

For each Trading Hub Energy Owner who bids into the Real-Time Market and has its schedule(s) accepted by the ISO to sell and/or buy energy at a Trading Hub, the ISO shall calculate the net trading hub energy position for the organization, for the zone, and for the hour. If the sum of the hourly energy schedules (in MW) sinking in the Trading Hub exceeds the sum of the hourly energy schedules (in MW) sourcing from the Trading Hub, the Trading Hub Energy Owner will receive an hourly payment equal to the product of: (a) the hourly integrated Real-Time LBMP for the applicable Load Zone; and (b) the hourly net MW position of the Trading Hub.

H. Settlement When Scheduled Energy Injections Exceed Scheduled Energy Withdrawals at a Trading Hub

For each Trading Hub Energy Owner who bids into the Real-Time Market and has its schedule(s) accepted by the ISO to sell and/or buy energy at a Trading Hub, the ISO shall calculate the net trading hub energy position for the organization, for the zone, and for the hour. If the sum of the hourly energy schedules (in MW) sourcing from the Trading Hub exceeds the sum of the hourly energy schedules (in MW) sinking in the Trading Hub, the Trading Hub Energy Owner will pay the product of: (a) the hourly integrated Real-Time LBMP for the applicable Load Zone; and (b) the hourly net MW position of

the Trading Hub.

4.5a Payments to Suppliers of Regulation Service

Suppliers of Regulation Service shall receive a payment that is calculated pursuant to Rate Schedule 3 of this ISO Services Tariff

4.6 Payments to Suppliers of Reactive Supply and Voltage Support Service (“Voltage Support Service”)

Suppliers of Voltage Support Service shall receive a Voltage Support Service payment in accordance with the criteria and formula in Rate Schedule 2.

4.7 Payments to Suppliers for Operating Reserves

Suppliers of each type of Operating Reserve will receive payments for each MW of Operating Reserve that they provide, as requested by the ISO, pursuant to Rate Schedule 4.

Issued by: Elaine D. Robinson, Dir. Reg. Affairs
Issued on: March 24, 2008

Effective: May 24, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER04-230-023, issued July 20, 2006, 116 FERC ¶ 61,043 (2006).