~~**{Appendix B**~~

~~**PRO FORMA OPEN ACCESS**~~

~~**TRANSMISSION TARIFF**~~

~~}~~I. COMMON SERVICE PROVISIONS

~~{1 Definitions~~
~~}~~[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}~~ [Capacity] and ~~{energy}~~ [Energy] from resources to ~~{loads}~~ [Loads] while maintaining reliable operation of the ~~{Transmission Provider's}~~ [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 ~~{Service}~~ [Services] shall be the amount specified in Attachment ~~{0}~~ [H] until amended by the Transmission ~~{Provider}~~ [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}~~ [Transmission Service] pursuant to the provisions of ~~{the Tariff.~~
~~1.4 Commission: The Federal Energy Regulatory Commission. }~~[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 redispatch 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~~{, including any required deposit.}~~[.

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}~~ [Generators] within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the ~~{load}~~ [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}~~ [Operating Reserves] in accordance with Good Utility Practice.

1.7 Curtailment [or Curtail]: A reduction in ~~{firm}~~ [Firm] or non-~~{firm transmission service}~~ [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}~~ [Capacity] and ~~{energy}~~ [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 ~~{Provider}~~ [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 ~~{Provider}~~ [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 ~~{Provider}~~ [Owner] and any power marketer), Federal power marketing agency, or any person generating ~~{electric energy}~~ [Energy] for sale ~~{for}~~ [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 ~~{Provider}~~ [Owner] offer the unbundled transmission service, or pursuant to a voluntary offer of such service by the Transmission ~~{Provider}~~ [Owner]. (ii) Any retail customer taking unbundled transmission service pursuant to a state requirement that the Transmission ~~{Provider}~~ [Owner] offer the transmission service, or pursuant to a voluntary offer of such service by the Transmission ~~{Provider}~~ [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 ~~{Provider}~~ [Owners] to determine the required modifications to the Transmission ~~{Provider's}~~ [Owner's] Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested ~~{transmission service}~~ [facilities].

1.13 Firm Point-To-Point Transmission Service: Transmission Service under this Tariff that is ~~{reserved and/or scheduled}~~ [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 ~~{and}~~ [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 ~~{and}~~ [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 ~~{be}~~ [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}~~ [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.**]** ~~**{0.}**~~

1.16 Load Ratio Share: ~~{Ratio of a Transmission Customer's Network Load to the Transmission Provider's total load computed in accordance with Sections 0 and 0 of the Network Integration Transmission Service under Part III the Tariff and calculated on a rolling twelve month basis}~~ [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}~~ [Load] in response to ~~{transmission system}~~ [Transmission System] or area ~~{capacity}~~ [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 Transmission Service under Part II of the Tariff with a term of one year or more}~~

[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 ~~{Provider}~~ [Owners] on whose behalf the Transmission ~~{Provider}~~ [Owners], by statute, franchise, regulatory requirement, or contract, ~~{has}~~ [have] undertaken an obligation to construct and operate the Transmission ~~{Provider's system}~~ [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}~~ [Transmission Service] pursuant to the terms of the ~~{Transmission Provider's}~~ [ISO's] Network Integration Transmission Service under Part III of the Tariff.

1.21 Network Integration Transmission Service: The ~~{transmission service}~~ [Transmission Service] provided under Part III of the Tariff.

1.22 Network Load: The ~~{load}~~ [Load] that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network ~~{Customer's}~~ [Customer's] Network Load shall include all ~~{load}~~ [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}~~ [Load] as Network Load but may not designate only part of the ~~{load}~~ [Load] at a discrete Point of Delivery. Where ~~{a}~~ [an] Eligible Customer has elected not to designate a particular ~~{load}~~ [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}~~ [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: ~~{A group made up of representatives from the Network Customer(s) and the Transmission Provider established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff}~~ [The ISO Operating Committee will serve this

function].

1.25 Network Resource: Any ~~{designated}~~ generating resource ~~{owned, purchased or leased by a Network Customer}~~ [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}~~ [Customer's] Network Load on a non-interruptible basis.

1.26 Network Upgrades: Modifications or additions to transmission ~~{-related}~~ facilities that are integrated with and support the Transmission ~~{Provider's}~~ [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 ~~{that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 0}~~ [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 ~~{periods ranging from one hour to one month}~~ [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)}~~[("OASIS")]: The information system and standards of conduct contained in Part 37 of the ~~{Commission's}~~ [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 ~~{contained in Sections 2 through 12}~~.

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] ~~{1.32 Parties: The Transmission Provider}~~ 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 ~~{Transmission Provider's}~~ [NYS] Transmission System where ~~{capacity}~~ [Capacity] and ~~{energy}~~ [Energy] transmitted by the ~~{Transmission Provider}~~ [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 ~~{Long-Term}~~ 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 ~~{Transmission Provider's}~~ [NYS] Transmission System where ~~{capacity}~~ [Capacity] and ~~{energy}~~ [Energy] will

be made available to the ~~{Transmission Provider}~~ [ISO] by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for ~~{Long-Term}~~ 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] ~~{1.35 Point-To}~~-Point Transmission Service: The reservation and transmission of ~~{capacity}~~ [Capacity] and ~~{energy}~~ [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}~~ [Capacity] and ~~{energy}~~ [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}~~ [Capacity] and ~~{energy}~~ [Energy] transmitted by the ~~{Transmission Provider}~~ [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}~~ [Capacity] and ~~{energy}~~ [Energy] that the ~~{Transmission Provider}~~ [ISO] agrees to transmit for the Transmission Customer over the ~~{Transmission Provider's}~~ [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 ~~{Transmission Provider}~~ [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 ~~{Transmission Provider}~~ [ISO] begins to provide service pursuant to the terms of an executed Service Agreement, or the date the ~~{Transmission Provider}~~ [ISO] begins to provide service in accordance with Section ~~{0 or Section 0 under the Tariff.~~
~~}~~[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 Transmission Service under Part II of the Tariff with a term of less than one year.}~~ [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 ~~{Transmission Provider}~~ [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) ~~{whether any}~~ [the] additional costs ~~{may}~~ [to] be incurred in order to provide ~~{transmission service}~~ [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)}~~ [designated agent)] that (i) executes a Service Agreement, or (ii) requests in writing that the ~~{Transmission Provider}~~ [ISO] file with the Commission~~{,}~~ a proposed unexecuted Service Agreement to receive ~~{transmission service under Part II of the Tariff. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Tariff. }~~[Transmission Service under Part II, III and/or IV of the Tariff. **]**

~~**{1.46 Transmission Provider}**~~ **[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)}~~ [designated agent)] that owns~~{, controls, or operates}~~ facilities used for the transmission of ~~{electric energy}~~ [Energy] in interstate commerce and provides ~~{transmission service}~~ [Transmission Service] under the Tariff.

1.47 Transmission ~~{Provider's}~~ [Owner's] Monthly Transmission System Peak: The maximum [hourly] firm usage [as measured in megawatts (MW)] of the Transmission ~~{Provider's Transmission System}~~ [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 ~~{Part II of the Tariff on a firm and non-firm basis.}~~ [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 ~~{owned, controlled or}~~ operated by the ~~{Transmission Provider}~~ [ISO] that are used to provide ~~{transmission service under Part II and Part III of the Tariff. }~~[Transmission Services under Part II, Part III or Part IV of this Tariff.]

~~{2}~~ [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 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 ~~{Transmission Provider's}~~ [NYS] Transmission System is adequate to accommodate a request for ~~{firm service under this Tariff, all Completed Applications for new firm transmission service received during the initial sixty (60) day period commencing with the effective date of the Tariff will be deemed to have been filed simultaneously. A lottery system conducted by an independent party shall be used to assign priorities for Completed Applications filed simultaneously. All Completed Applications for firm transmission service received after the initial sixty (60) day period shall be assigned a priority pursuant to Section 0.)~~ [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 ~~{Customers}~~: Existing firm service customers (wholesale requirements and transmission-only, with a contract term of ~~{one-year or more), have the right to continue to take transmission service from the Transmission Provider when the contract expires, rolls over or is renewed}~~ [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}~~ [Capacity] and ~~{energy}~~ [Energy] from ~~{the}~~ [a] Transmission ~~{Provider}~~ [Owner] or elects to purchase ~~{capacity}~~ [Capacity] and ~~{energy}~~ [Energy] from another ~~{supplier. If at}~~ [Supplier. At] the end of the contract ~~{term, the Transmission Provider's Transmission System cannot accommodate all of the requests for transmission service the existing firm service customer must agree to accept a contract term at least equal to a competing request by any new Eligible Customer and to pay the current just and reasonable rate, as approved by the Commission, for such service. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of one-year or longer.}~~ [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}~~ [3.0] Ancillary Services

Ancillary Services are needed with ~~{transmission service}~~ [Transmission Service] to maintain reliability within and among the Control Areas affected by the ~~{transmission service. The}~~ Transmission ~~{Provider}~~ [Service. The ISO] is required to provide~~{(or offer to arrange with the local Control Area operator as discussed below)}~~, and the Transmission Customer is required to purchase, the following Ancillary Services[:] (i) Scheduling, System Control and Dispatch, ~~{and}~~(ii) Reactive Supply and Voltage Control from Generation Sources[, (iii) Energy Imbalance and (iv)

Black Start Service.]~~{. }~~

~~{The Transmission Provider}~~ [The ISO] is required to offer to provide ~~{(or offer to arrange with the local Control Area operator as discussed below)}~~ the following Ancillary Services only to the Transmission ~~{Customer}~~ [Customers] serving ~~{load}~~ [Load] within the ~~{Transmission Provider's Control Area}~~ [NYCA:] (i) Regulation and Frequency Response, ~~{(ii) Energy Imbalance, (iii) Operating Reserve - Spinning, and (iv) Operating Reserve - Supplemental}~~ [and (ii) Operating Reserves]. The Transmission Customer serving ~~{load}~~ [Load] within the ~~{Transmission Provider's Control Area}~~ [NYCA] is required to acquire these Ancillary Services, whether from the ~~{Transmission Provider, from}~~ [ISO,] a third party, or by ~~{self-supply}~~ [Self-Supply pursuant to Schedules 3 and 5]. The Transmission Customer may not decline the ~~{Transmission Provider's}~~ [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 ~~{Transmission Provider.}~~ [ISO.]

~~{If the Transmission Provider is a public utility providing transmission service but is not a Control Area operator, it may be unable to provide some or all of the Ancillary Services. In this case, the Transmission Provider can fulfill its obligation to provide Ancillary Services by acting as the Transmission Customer's agent to secure these Ancillary Services from the Control Area operator. The Transmission Customer may elect to (i) have the Transmission Provider act as its agent, (ii) secure the Ancillary Services directly from the Control Area operator, or (iii) secure the Ancillary Services (discussed in Schedules 0, 0, 0 and 0) from a third party or by self-supply when technically~~

~~feasible.~~

~~The Transmission Provider)~~ [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)~~ [schedules] that are attached to and made a part of ~~{the Tariff. Three principal requirements apply to discounts for Ancillary Services provided by the Transmission Provider in conjunction with its provision of transmission service as follows: (1) any offer of a discount made by the Transmission Provider 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 one'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. A discount agreed upon for an Ancillary Service must be offered for the same period to all Eligible Customers on the Transmission Provider's system.)~~ [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 ~~{0)~~ [1].

3.2 **Reactive Supply and Voltage Control from Generation Sources Service:** The rates and/or methodology are described in Schedule ~~{0)~~ [2].

3.3 **Regulation and Frequency Response Service:** ~~{Where applicable the)~~ [The] rates and/or methodology are described in Schedule ~~{0)~~ [3].

3.4 **Energy Imbalance Service:** ~~{Where applicable the)~~ [The] rates and/or methodology are described in Schedule ~~{0)~~ [4].

3.5 Operating Reserve ~~{- Spinning Reserve Service: Where applicable the}~~ [Service: The] rates and/or methodology are described in Schedule ~~{0.}~~ [5.**]**

~~{3.6 Operating Reserve - Supplemental Reserve Service: Where applicable the}~~ [3.6 ISO Black Start Capability: The] rates and/or methodology are described in Schedule ~~{0.}~~ [6.]

~~{4}~~ [4.0] Open[-]Access Same ~~{-}~~Time Information System ~~{(OASIS)}~~[("OASIS")]

Terms and conditions regarding Open Access Same-Time Information System and ~~{standards}~~ [Standards] of ~~{conduct}~~ [Conduct] are set forth in ~~{18 CFR §}~~ [Part] 37 of the ~~{Commission's}~~ [Commission's] regulations ~~{(Open}~~[("Open] Access Same-Time Information System and Standards of Conduct for Public ~~{Utilities). In the event available transmission capability as posted on the OASIS is insufficient to accommodate a request for firm transmission service, additional studies may be required as provided by this Tariff pursuant to Sections 0 and 0.}~~ [Utilities"). The ISO will maintain an OASIS, including a Bid/Post System, for purposes of scheduling Transmission Service.]

~~{5}~~ [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] ~~{5.1 Transmission Providers That Own Facilities Financed by Local Furnishing Bonds}~~: This provision is applicable only to Transmission ~~{Providers}~~ [Owners] that have financed facilities for the local furnishing of ~~{electric energy with tax-exempt bonds}~~ [Energy with Local Furnishing Bonds], as described in Section 142(f) of the Internal Revenue Code ~~{("local furnishing bonds")}~~[("Local Furnishing

Bonds")]. Notwithstanding any other provision of this Tariff, [neither] the [ISO nor the] Transmission ~~{Provider}~~ [Owner] shall ~~{not}~~ 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)}~~ [Local Furnishing Bond(s)] used to finance the Transmission ~~{Provider's}~~ [Owner's] facilities ~~{that would be used in providing such}~~[.

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 ~~{Provider}~~ [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) used to finance its facilities that would be used in providing such transmission service, it shall advise the Eligible Customer}~~ [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 ~~{Federal Power Act,}~~ [FPA,] the Transmission ~~{Provider}~~ [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 ~~{Federal Power Act}~~ [FPA] and to the issuance of a proposed order under Section ~~{212(c)}~~ [211] of the ~~{Federal Power Act}~~ [FPA]. The Commission, upon receipt of the Transmission ~~{Provider's}~~ [Owner's] waiver of its rights to a request for service under Section 213(a) of the ~~{Federal Power Act}~~ [FPA] and to the issuance of a proposed order under Section ~~{212(c)}~~ [211] of the ~~{Federal Power Act}~~ [FPA], shall issue an order under Section 211 of the ~~{Federal Power Act}~~ [FPA]. Upon issuance of the order under Section 211 of the ~~{Federal Power Act, the }~~[FPA, the ISO and the] Transmission ~~{Provider}~~ [Owner] shall be required to provide the requested ~~{transmission service}~~ [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"). 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] ~~{6}~~ Reciprocity

A Transmission Customer receiving ~~{transmission service}~~ [Transmission Service] under this Tariff agrees to provide comparable ~~{transmission service}~~ [Transmission Service] that it is capable of providing to ~~{the}~~ [each] Transmission ~~{Provider}~~ [Owner] on similar terms and conditions over facilities used for the transmission of ~~{electric energy}~~ [Energy] owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of ~~{electric energy}~~ [Energy] owned, controlled or operated by the Transmission ~~{Customer's}~~ [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 ~~{electric energy}~~ [Energy] owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of ~~{electric energy}~~ [Energy] owned, controlled or operated by the Transmission ~~{Customer's}~~ [Customer's] corporate affiliates.

This reciprocity requirement applies not only to the Transmission Customer that obtains ~~{transmission service}~~ [Transmission Service] under ~~{the}~~ [this] Tariff, but also to all parties to a ~~{transaction}~~ [Transaction] that involves the use of ~~{transmission service}~~ [Transmission Service] under ~~{the}~~ [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}~~ [Transmission Service] under ~~{the}~~ [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 Billing and Payment~~
~~7.1 Billing Procedure:}~~ [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.

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.

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.

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 ~~{Transmission Provider}~~ [ISO] shall submit an invoice to the Transmission Customer for the ~~{charges for all}~~ [net amount owed by the Transmission Customer for each of the] services furnished under ~~{the}~~ [this] Tariff during the preceding month. ~~{The invoice}~~ [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 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 ~~{Transmission Provider, or by wire transfer to a bank named by the Transmission Provider}~~ [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 ~~{amounts}~~ [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}~~ [Commission's] regulations at 18 C.F.R. § 35.19a ~~{(a)(2)}~~[(a) (2)] (iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. ~~{When payments are made by mail, bills}~~ [Invoices] shall be considered as having been paid on the date of receipt by the ~~{Transmission Provider}~~ [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 ~~{other than a billing dispute as described below,}~~ to make payment to the ~~{Transmission Provider}~~ [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 ~~{Transmission Provider}~~ [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 ~~{Transmission Provider}~~ [ISO] may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission ~~{so approves any such request. }~~[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 ~~{Transmission Provider}~~ [ISO] and the Transmission Customer, the ~~{Transmission Provider}~~ [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 ~~{Transmission Provider}~~ [ISO] may provide notice to the Transmission Customer of its intention to suspend service ~~{in sixty (60) days, in accordance with Commission policy.}~~ [on sixty (60) days prior notice.]

~~{8}~~ **[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 ~~{Provider's}~~ [Owner's] Use of the Tariff[

]The Transmission ~~{Provider}~~ [Owners] shall record the following amounts, as outlined below.

8.1 Transmission ~~{Revenues: Include}~~ [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 ~~{the}~~ [this] Tariff.

8.2 Study Costs and Revenues: ~~{Include}~~ [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 ~~{Studies}~~ [Study] or Facilities ~~{Studies which the Transmission Provider conducts}~~ [Study] to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including making Third-Party Sales under ~~{the}~~ [this] Tariff; and include in a separate operating revenue account or subaccount the revenues received ~~{for }~~[by the Transmission Owner for a] System Impact ~~{Studies}~~ [Study] or Facilities ~~{Studies}~~ [Study] performed when such amounts are separately stated and identified in the Transmission ~~{Customer's}~~ [Customer's] billing under ~~{the}~~ [this] Tariff.

~~{9}~~ [9.0] Regulatory Filings

~~{Nothing}~~ [Subject to Section 9A, nothing] contained in the Tariff ~~{or}~~[,] any Service [Agreement, or any Network Operating] Agreement shall be construed as affecting in any way the right of the ~~{Transmission Provider}~~ [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, ~~{Service Agreement, rule or regulation under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.}~~ [a Service Agreement or a Network Operating Agreement.]

~~{Nothing contained in the}~~ [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}~~ [party]

receiving service under ~~{the}~~ [this] Tariff to exercise its rights under the ~~{Federal Power Act}~~ [FPA] and pursuant to the ~~{Commission's}~~ [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] ~~{10}~~ 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}~~ [party's] control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. ~~{Neither the}~~ [The ISO, each] Transmission ~~{Provider nor the}~~ [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}~~ [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 ~~{Provider}~~ [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 ~~{Provider's}~~ [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 ~~{Transmission Provider.}~~ [ISO or the Transmission Owner. **]**

~~{11}~~ [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 ~~{Transmission Provider may}~~ [ISO shall] require reasonable credit review procedures. This review shall be made in accordance with standard commercial practices. In addition, the ~~{Transmission Provider}~~ [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 ~~{the}~~ [this] Tariff, or an alternative form of security proposed by the Transmission Customer and acceptable to the ~~{Transmission Provider}~~ [ISO] and consistent with commercial practices established by the Uniform Commercial Code that protects the ~~{Transmission Provider}~~ [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] ~~{12}~~ Dispute Resolution Procedures

12.1 Internal Dispute Resolution Procedures: Any dispute between a Transmission Customer and the ~~{Transmission Provider involving transmission service under the Tariff (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution) shall be referred to a designated senior representative of the Transmission Provider 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 arbitration and resolved in accordance with the arbitration procedures set forth below.~~

~~12.2 External Arbitration Procedures: Any arbitration initiated under the Tariff shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct~~

~~the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Commission regulations or Regional Transmission Group rules.)~~ [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 of 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}~~ [parties] in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of ~~{the}~~ [this] Tariff and any Service Agreement entered into under ~~{the}~~ [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}~~ [parties], and judgment on the award may be entered in any court having jurisdiction~~{. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision~~

~~itself, violated the standards set forth in the)~~ [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 ~~(and/or the)~~ [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 ~~(also)~~ 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.

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] ~~{12.4 Costs: Each Party}~~ shall be responsible for its own costs incurred during the arbitration process [including attorney and expert fees] ~~{and for the following costs, if applicable:~~

~~(A) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or~~

~~(B) one half the cost of the single arbitrator jointly chosen by the Parties}~~.

12.5 Rights Under The ~~{Federal Power Act}~~ [FPA]: Nothing in this section shall restrict the rights of any party to file a ~~{Complaint}~~ [complaint] with the Commission under relevant provisions of the ~~{Federal Power Act}~~ [FPA].

II. POINT-TO-POINT TRANSMISSION SERVICE

Preamble

The ~~{Transmission Provider}~~ [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}~~ [Capacity] and ~~{energy}~~ [Energy] at designated Point(s) of Receipt and the transmission of such ~~{capacity}~~ [Capacity] and ~~{energy}~~ [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] ~~{13}~~ Nature of Firm Point-To-Point Transmission Service

13.1 Term: The minimum term of Firm Point-To-Point Transmission Service shall be one ~~{day}~~ [hour] and the maximum term shall be specified in the Service Agreement.

13.2 Reservation Priority: ~~{Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Transmission Customer has reserved service. Reservations for Short-Term Firm Point-To}~~ [All requests for Firm Point-to]-Point Transmission Service will be ~~{conditional based upon the length of the requested transaction. If the Transmission System becomes oversubscribed, requests for longer term service may preempt requests for shorter term service up to the following deadlines: one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transmission capability is insufficient to satisfy all Applications, an Eligible Customer with a reservation for shorter term~~

~~service has the right of first refusal to match any longer term reservation before losing its}~~ [deemed to have the same] reservation priority. ~~{A longer term competing request for Short-Term Firm Point-To}~~ [Firm Point-to]-Point Transmission Service will ~~{be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 13.8) from being notified by the Transmission Provider of a longer-term competing request for Short-Term Firm Point-To}~~ [have the same priority as Network Service subject to Section 13.6. All Firm Point-to]-Point Transmission Service~~{. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff. Firm Point-To-Point Transmission Service will always have a reservation}~~ [will have equal] priority over Non-Firm Point-~~{To}~~ [to]-Point Transmission Service under the Tariff. ~~{All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in Section 0.}~~

13.3 Use of Firm Transmission Service by the Transmission ~~{Provider:}~~ [Owner(s):]

The Transmission ~~{Provider}~~ [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 ~~{[insert date sixty (60) days after publication in~~

~~Federal Register]}~~ [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 ~~{Provider}~~ [Owners] will maintain separate accounting, pursuant to Section ~~{0}~~ [8], for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

13.4 Service Agreements: The ~~{Transmission Provider}~~ [ISO] shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment ~~{0)}~~ [A)] to an Eligible Customer when it submits a Completed Application for ~~{Long-Term}~~ Firm Point-To-Point Transmission Service. ~~{The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment 0) to an Eligible Customer when it first submits a Completed Application for Short-Term Firm Point-To-Point Transmission Service pursuant to the Tariff.}~~ Executed Service Agreements that contain the information required under ~~{the}~~ [this] Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

13.5 Transmission Customer ~~{Obligations}~~ [Obligation] for Facility Additions or Redispatch ~~{Costs: In cases where the Transmission Provider determines that the Transmission System is not capable of providing}~~ [Cost: The ISO continuously redispatches all resources subject to its control in order to meet Load and to accomodate requests for a Firm Transmission Service through the use of

SCUC and SCD.] Firm Point-To-Point Transmission ~~{Service without (1) degrading or impairing the reliability of service to Native Load Customers, Network Customers and other Transmission Customers taking Firm Point-To-Point Transmission Service, or (2) interfering with the Transmission Provider's ability to meet prior firm contractual commitments to others, the Transmission Provider}~~ [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 ~~{0.}~~ [19.] The Transmission [Customer or Eligible] Customer must agree to compensate the Transmission ~~{Provider}~~ [Owner(s)] for any necessary transmission facility additions pursuant to ~~{the terms of Section 0. To the extent the Transmission Provider can relieve any system constraint more economically by redispatching the Transmission Provider's resources than through constructing Network Upgrades, it shall do so, provided that the Eligible Customer agrees to compensate the Transmission Provider pursuant to the terms of Section 0. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service}~~ [Section 19].

13.6 Curtailment of Firm Transmission Service: In the event that a Curtailment on the ~~{Transmission Provider's}~~ [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)}~~ [Transaction(s)] that effectively relieve the ~~{constraint}~~ [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 ~~{Transmission Provider will curtail service to}~~ [ISO will proportionately allocate Curtailment among] Network Customers and Transmission Customers taking Firm Point-To-Point Transmission Service ~~{on a basis comparable to the curtailment of service to the Transmission Provider's Native Load Customers}~~. 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 ~~{Transmission Provider}~~ [ISO] determines that an ~~{electrical emergency}~~ [Emergency] exists on ~~{its}~~ [NYS] Transmission System and implements emergency procedures to Curtail Firm Transmission Service, the Transmission Customer shall make the required reductions upon request of the ~~{Transmission Provider}~~ [ISO]. However, the ~~{Transmission Provider}~~ [ISO] reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under ~~{the}~~ [this] Tariff when, in the ~~{Transmission Provider's}~~ [ISO's]

sole discretion, an ~~{emergency}~~ [Emergency] or other unforeseen condition impairs or degrades the reliability of ~~{its Transmission}~~ [the NYS Power] System. The ~~{Transmission Provider}~~ [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:

~~{(a)}~~[(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 ~~{0}~~ [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.] ~~{0. }~~

~~{(b)}~~[(ii)] The Transmission Customer may purchase ~~{transmission service}~~ [Transmission Service] to make sales of ~~{capacity}~~ [Capacity] and

~~{energy}~~ [Energy] from multiple generating units that are on the ~~{Transmission Provider's}~~ [NYS] Transmission System. For such a purchase of ~~{transmission service}~~ [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.

~~{(c) The Transmission Provider}~~[(iii)The ISO] shall provide firm deliveries of ~~capacity}~~ [Capacity] and ~~{energy}~~ [Energy] from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt ~~{at which firm transmission capacity is reserved by the Transmission Customer}~~ shall be set forth in the Firm Point-To-Point Service ~~{Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. Each Point of Delivery at which firm transmission capacity is reserved}~~ [schedule submitted] by the Transmission Customer ~~{shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of~~

~~Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 0. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 0. The Transmission Provider 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 Provider) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery}~~.

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

[(i) **In the Day-Ahead Market:]** Schedules for the Transmission ~~{Customer's}~~ [Customer's] Firm Point-~~{To}~~ [to]-Point Transmission Service [Day-Ahead] must be submitted to the ~~{Transmission Provider no later than 10:00 a.m. [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider]}~~ [ISO no later than 5:00 a.m.]of the day prior to commencement of ~~{such service}~~ [the Dispatch Day. Schedules involving the use of LIPA's facilities shall be treated in accordance with Section 5.2D]. Schedules submitted after ~~{10:00 a.m. will be accommodated, if practicable. Hour-to-hour schedules of any capacity and energy that is}~~ [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 ~~{kW per hour [or a reasonable increment that is generally accepted in the region and is consistently adhered to by the Transmission Provider]. Transmission Customers within the Transmission Provider's service area}~~ [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 ~~{kW}~~ [KWh] per hour, may consolidate ~~{their}~~ [its] service requests at a common ~~{point}~~ [Point] of ~~{receipt}~~ [Receipt] into units of 1,000 ~~{kW}~~ [KWh] per hour for scheduling and billing purposes. ~~{Scheduling changes will be permitted up to twenty (20) minutes [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider}~~ [The ISO] will furnish to the Delivering ~~{Party's}~~ [Party's] system operator, hour-to-hour schedules equal to those furnished by the Receiving Party ~~{(unless reduced for losses)}~~ and shall deliver the ~~{capacity}~~ [Capacity] and ~~{energy}~~ [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 Transmission Provider, and the Transmission Provider}~~ [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}~~ [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}~~ [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 ~~{will be available for periods ranging from one (1) hour to one (1) month. However, a Purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 0.}~~ [shall be one (1) hour and the maximum term shall be specified in the Service Agreement.]

14.2 Reservation Priority: Non-Firm Point-~~{To}~~ [to]-Point Transmission Service shall be available ~~{from transmission capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned to reservations with a longer duration of service. In the event the Transmission System is constrained, competing requests of equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term reservation before being preempted. A longer term competing request for Non-Firm Point-To}~~ [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

~~{will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Point-To}~~ [shall have a lower priority than Firm Point-to-Point Transmission Service and Network Service. Non-Firm Point-to]-Point Transmission Service ~~{after notification by the Transmission Provider; and, (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 14.6) for Non-Firm Point-To}~~ [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 ~~{other than hourly transactions after notification by the Transmission Provider. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.}~~ [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 ~~{Provider:}~~ [Owner:] The Transmission ~~{Provider}~~ [Owners] will be subject to the rates, terms and conditions of Part II of ~~{the}~~ [this] Tariff when making Third-Party

Sales under (i) agreements executed on or after ~~{[insert date sixty (60) days after publication in Federal Register]}~~ [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 ~~{Provider}~~ [Owners] will maintain separate accounting, pursuant to Section ~~{0}~~ [8], for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.

14.4 Service Agreements: The ~~{Transmission Provider}~~ [ISO] shall offer a standard form Non-Firm Point-To-Point Transmission Service Agreement (Attachment ~~{0)}~~ [B)] to an Eligible Customer when it first submits a Completed Application for Non-Firm Point-To-Point Transmission Service pursuant to ~~{the}~~ [this] Tariff. Executed Service Agreements that contain the information required under ~~{the}~~ [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 ~~{the}~~ [this] Tariff. The ~~{Transmission Provider}~~ [ISO] undertakes no obligation under ~~{the}~~ [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 ~~{the}~~ [this] Tariff. The ~~{Transmission Provider}~~ [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 ~~{Provider)}~~ [Owner)] exceeds its non-firm capacity reservation. Non-Firm Point-To-Point Transmission Service shall include transmission of ~~{energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule 0.}~~ [Energy and Capacity on an hourly and daily basis under Schedule 8.**]**

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

~~{Schedules for Non-Firm Point-To}~~[(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 ~~{Transmission Provider no later than 2:00 p.m. [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider]}~~ [ISO no later than 5:00 a.m.] of the day prior to commencement of ~~{such service. Schedules submitted after 2:00 p.m. will be accommodated, if practicable. Hour-to-hour schedules of energy}~~ [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 ~~{kW per hour [or a reasonable increment that is generally accepted in the region and is consistently adhered to by the Transmission Provider]. Transmission Customers within the Transmission Provider's service area}~~ [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 ~~{kW}~~ [kWh] per hour, may consolidate ~~{their}~~ [its] schedules at a common Point of Receipt into units of 1,000 ~~{kW per hour. Scheduling changes will be permitted up to twenty (20) minutes [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider}~~ [kWh per hour. The ISO] will furnish to the Delivering ~~{Party's}~~ [Party's] system operator, hour-to-hour [advisory] schedules equal to those furnished by the Receiving Party~~{(unless reduced for losses) 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 Transmission Provider, and the Transmission Provider}~~ [notify the ISO prior to the close or the Real-Time Market, and the ISO] shall have the right to adjust accordingly the schedule for ~~{capacity}~~ [Capacity] and ~~{energy}~~ [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 ~~{Transmission Provider}~~ [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}~~ [Emergency] or other unforeseen condition threatens to impair or degrade the reliability of ~~{its}~~ [the NYS] Transmission System. The ~~{Transmission~~

~~Provider)~~ [ISO] reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under ~~(the)~~ [this] Tariff for economic reasons ~~(in order to accommodate (1) a request for Firm Transmission Service, (2) a request for Non-Firm Point-To-Point Transmission Service of greater duration, (3) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price, or (4) transmission service for Network Customers from non-designated resources. The Transmission Provider also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt)~~ [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)~~ [Constraint], however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm [Point-to-Point Transmission Service and Network Integration] Transmission Service. ~~(If multiple transactions require)~~ [The ISO will provide advance notice of] Curtailment or Interruption~~(, to the extent practicable and)~~ [where such notice can be provided] consistent with Good Utility Practice~~(, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before~~

~~weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any}~~[. The process of Curtailment of] Non-Firm Point-To-Point Transmission Service ~~{under the Tariff. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. The Transmission Provider will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice.}~~ [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}~~ [15.0] Service Availability

15.1 General Conditions: The ~~{Transmission Provider}~~ [ISO] will provide Firm and Non-Firm Point-To-Point Transmission Service over~~{, on or across its Transmission System}~~ [the transmission facilities of the parties to the ISO/TO Agreement,] to any Transmission Customer that has met the requirements of Section [16] ~~{0}~~.

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 ~~{Transmission Provider's}~~ [ISO's] specific methodology for ~~{assessing available transmission capability posted on the Transmission Provider's OASIS (Section 0)}~~ [performing SCUC and SCD] is contained in Attachment ~~{0 of the Tariff. In the event sufficient transmission capability may not exist to accommodate a service request, the Transmission Provider will respond by performing a System Impact Study}~~ [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 ~~{Transmission Provider}~~ [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, ~~{the Transmission Provider}~~ [ISO] shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification directing the ~~{Transmission Provider}~~ [ISO] to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by the ~~{Transmission Provider}~~ [ISO] for such requested Transmission Service. The ~~{Transmission Provider}~~ [ISO] shall commence providing Transmission Service subject to the Transmission Customer agreeing to (i) compensate the ~~{Transmission Provider at whatever rate the Commission ultimately determines to be just and reasonable, and~~

~~(ii) comply}~~ [ISO in accordance] with the terms and conditions of the ~~{Tariff including posting appropriate security deposits in accordance with the terms of Section 0}~~ [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 ~~{the Transmission Provider determines that it cannot accommodate a Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider}~~ [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 ~~{provide the requested Firm Transmission Service}~~ [increase Transfer Capability], provided the Transmission Customer agrees to compensate the [applicable] Transmission ~~{Provider}~~ [Owner(s)] for such costs pursuant to the terms of Section ~~{0.}~~ [27**.]** The Transmission ~~{Provider}~~ [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 ~~{Provider}~~ [Owner] has the right to expand or modify.

15.5 Deferral of Service: ~~{The Transmission Provider may defer providing service until it completes construction of new}~~ [Any increase in TCCs associated with new facilities is subject to completion of construction of those] transmission facilities or upgrades ~~{needed to provide Firm Point-To-Point Transmission Service whenever the Transmission Provider determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services}~~.

15.6 Other Transmission Service Schedules: Eligible Customers receiving ~~{transmission service}~~ [Transmission Service] under other agreements on file with the Commission may continue to receive ~~{transmission service}~~ [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 Provider is not obligated to provide Real Power Losses}~~ [Transmission Service]. The Transmission Customer is responsible for ~~{replacing}~~ losses associated with all ~~{transmission service as calculated by the Transmission Provider. The applicable Real Power Loss factors are as follows: [To be completed by the Transmission Provider]. }~~[Transmission Service as calculated by ISO.**]**

~~{16}~~ [16.0] Transmission Customer Responsibilities

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

Transmission Service shall be provided by the ~~{Transmission Provider}~~ [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 ~~{0}~~ [11.0];

c. The Transmission Customer ~~{will have}~~ [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}~~ [Transmission Service] necessary to effect the delivery from the generating source to the ~~{Transmission Provider}~~ [ISO] prior to the time [when] service under Part II of the Tariff commences;

~~{d}~~ [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 ~~{for the full term of its reservation; and}~~[; and]

~~{e}~~ [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.**] ~~{0.~~**

~~}~~

16.2 Transmission Customer Responsibility for Third-Party Arrangements: Any scheduling arrangements that may be required by other ~~{electric systems}~~ [Control Areas] shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by the ~~{Transmission Provider}~~ [ISO], notification to the ~~{Transmission Provider}~~ [ISO] identifying

such systems and authorizing them to schedule the ~~{capacity}~~ [Capacity] and ~~{energy}~~ [Energy] to be transmitted by the ~~{Transmission Provider}~~ [ISO] pursuant to Part II of ~~{the}~~ [this] Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, the ~~{Transmission Provider}~~ [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 ~~{electric system pursuant to}~~ [Control Area consistent with] Good Utility Practice.

~~{17}~~ [17.0] Procedures for Arranging Firm Point-To-Point Transmission Service

17.1 Application: A request for Firm Point-To-Point Transmission Service ~~{for periods of one year or longer}~~ must contain a written Application ~~{to: [Transmission Provider Name and Address],}~~ at least sixty (60) days in advance of the calendar month in which service is to commence. The ~~{Transmission Provider}~~ [ISO] will consider ~~{requests}~~ [a request] for such firm service on shorter notice when feasible.

~~{Requests for firm service for periods of less than one year shall be subject to expedited procedures that shall be negotiated between the Parties within the time constraints provided in Section 0}~~ [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 ~~{Transmission Provider's}~~ [ISO's] OASIS. Prior to implementation of the ~~{Transmission Provider's}~~ [ISO's] OASIS, a Completed Application may be submitted by (i) transmitting the required information to the ~~{Transmission Provider}~~ [ISO] by telefax, or (ii) providing the information by telephone over the ~~{Transmission Provider's}~~ [ISO's] time recorded telephone line. ~~**{Each of these methods will provide a time-stamped record for establishing the priority of the Application.}**~~

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 ~~{the}~~ [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}~~ [Capacity] and ~~{energy}~~ [Energy] and the location of the ~~{load}~~ [Load] ultimately served by the ~~{capacity}~~ [Capacity] and ~~{energy}~~ [Energy] transmitted. The ~~{Transmission Provider}~~ [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 ~~{Transmission Provider}~~ [ISO] shall treat this information consistent with the standards of conduct contained in Part 37 of the ~~{Commission's}~~ [Commission's] regulations [and the Code of Conduct in Attachment F];

(v) A description of the supply characteristics of the ~~{capacity}~~ [Capacity] and

~~{energy}~~ [Energy] to be delivered;

(vi) An estimate of the ~~{capacity}~~ [Capacity] and ~~{energy}~~ [Energy] expected to be delivered to the Receiving Party; [and]

(vii) The Service Commencement Date and the term of the requested Transmission Service~~{; and}~~[.~~]~~

~~{(viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on the Transmission Provider's Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement.~~

~~The Transmission Provider}~~ [The ISO] shall treat this information consistent with the standards of conduct contained in Part 37 of the ~~{Commission's regulations. }~~[Commission's regulations and the Code of Conduct in Attachment F.~~]~~

~~{17.3 Deposit: A Completed Application for Firm Point-To-Point Transmission Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected by the Transmission Provider because it does not meet the conditions for service as set forth herein, or in the case of requests for service arising in connection with losing bidders in a Request For Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by the Transmission Provider in connection with the review of the losing bidder's Application. The deposit also will be returned with interest less any reasonable costs incurred by the Transmission Provider if the Transmission Provider is unable to~~

~~**complete new facilities needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Firm Point-To-Point Transmission Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by the Transmission Provider to the extent such costs have not already been recovered by the Transmission Provider from the Eligible Customer. The Transmission Provider will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Section 0. If a Service Agreement for Firm Point-To-Point Transmission Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the Service Agreement for Firm Point-To-Point Transmission Service. Applicable interest shall be computed in accordance with the Commission's regulations at 18 CFR § 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to the Transmission Provider's account}~~ **[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 ~~{the}~~ [this] Tariff, the ~~{Transmission Provider}~~ [ISO] shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. The ~~{Transmission Provider}~~ [ISO] will attempt to remedy minor deficiencies in

the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the ~~{Transmission Provider}~~ [ISO] shall return the Application~~{, along with any deposit, with interest. Upon receipt of a new or revised Application that fully complies with the requirements of Part II of the Tariff, the Eligible Customer shall be assigned a new priority consistent with the date of the new or revised Application}~~ .

17.5 Response to a Completed Application: Following receipt of a Completed Application for Firm Point-To-Point Transmission Service~~{, the Transmission Provider}~~ [the ISO] shall make a determination ~~{of available transmission capability as required in Section 0. The Transmission Provider}~~ [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 ~~{either (i) if it will be able to provide service without performing}~~[. The Transmission Customer may request] a System Impact Study ~~{or (ii) if such a study is needed to evaluate the impact of the Application pursuant to Section 0. Responses by the Transmission Provider must be made as soon as practicable to all completed applications (including applications by its own merchant function) and the timing of such responses must be made on a~~

~~non-discriminatory basis)~~ [pursuant to Section 19 at that time].

17.6 Execution of Service Agreement: ~~{Whenever the Transmission Provider determines that)~~ [If] a System Impact Study is not ~~{required)~~ [requested] and ~~{that)~~ the service can be provided, ~~{it)~~ [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 ~~{required)~~ [requested], the provisions of Section ~~{0)~~ [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}~~ [Service Agreement] pursuant to Section ~~{0)~~ [15.3], within fifteen (15) days after it is tendered by the ~~{Transmission Provider}~~ [ISO] will be deemed a withdrawal and termination of the Application ~~{and any deposit submitted shall be refunded with interest.}~~ Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

17.7 ~~{Extensions)~~ [Extension] for Commencement of Service~~{: The Transmission Customer can obtain up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Transmission Service for each year or fraction thereof. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such~~

~~**request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited. }**~~**[.]**

~~{18}~~[[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 ~~{Transmission Provider}~~ [ISO]. Applications should be submitted by entering the information listed below on the ~~{Transmission Provider's}~~ OASIS. Prior to implementation of the ~~{Transmission Provider's}~~ OASIS, a Completed Application may be submitted by (i) transmitting the required information to the ~~{Transmission Provider}~~ [ISO] by telefax, or (ii) providing the information by telephone over the ~~{Transmission Provider's}~~ [ISO's] time recorded telephone line. ~~**{Each of these methods will provide a time-stamped record for establishing the service priority of the Application.}**~~

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 ~~{the}~~ [this] Tariff;
(iii) The Point(s) of Receipt and the Point(s) of Delivery;
(iv) The maximum amount of ~~{capacity requested}~~ [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}~~ [Transmission Service] hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, the ~~{Transmission Provider}~~ [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}~~ [Customer's] request for service; and
(vii) The electrical location of the ultimate ~~{load}~~ [Load].

The ~~{Transmission Provider}~~ [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 ~~{Transmission Provider}~~ [ISO] shall treat this information consistent with the standards of conduct contained in Part 37 of the ~~{Commission's regulations.}~~ [Commission's regulations and the ISO Code of Conduct in Attachment F.**]**

~~{18.3 Reservation of Non-Firm Point-To-Point Transmission Service: Requests for~~

~~monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than two (2) days before service is to commence, and requests for hourly service shall be submitted no earlier than noon the day before service is to commence. Requests for service received later than 2:00 p.m. prior to the day service is scheduled to commence will be accommodated if practicable [or such reasonable times that are generally accepted in the region and are consistently adhered to by the Transmission Provider]}~~ [18.3Requests 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 ~~{: Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transmission capability pursuant to Section 0. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service (i) thirty (30) minutes for hourly service, (ii) thirty (30) minutes for daily service, (iii) four (4) hours for weekly service, and (iv) two (2) days for monthly service. [Or such reasonable times that are generally accepted in the region and are consistently adhered to by the~~

~~Transmission Provider].}~~ **[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 redispatches 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}~~ [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] ~~{19.1 Notice of Need}~~ for System Impact Study: ~~{After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether}~~ [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 ~~{is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment 0. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform}~~ [unless] the Eligible Customer~~{, as soon as practicable. In such cases, the Transmission Provider shall }~~ [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 ~~{Completed Application}~~ [Study Request], tender a System Impact Study ~~{Agreement}~~ [agreement] pursuant to which the Eligible Customer shall agree to reimburse the ~~{Transmission Provider}~~ [ISO,] for performing the required System Impact Study. ~~{For a service request to remain a Completed Application}~~ [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}~~ [agreement] and return it to the ~~{Transmission Provider}~~ [ISO] within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study ~~{Agreement, its application}~~ [agreement, its Study Request] shall be deemed withdrawn ~~{and its deposit, pursuant to Section 0, shall be returned with interest}~~.

19.2 System Impact Study Agreement and Cost Reimbursement:

~~{(i)}~~ The System Impact Study ~~{Agreement}~~ [agreement] will clearly specify the ~~{Transmission Provider's}~~ [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 ~~{Transmission Provider}~~ [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 request for service on the Transmission System. }~~[Customer's Study Request.]

~~{(ii) If }~~[If,] in response to multiple Eligible Customers requesting ~~{service~~

~~in relation to the same competitive solicitation)~~ [a similar study], a single System Impact Study is sufficient ~~{for the Transmission Provider to accommodate the requests for service}~~, the costs of that study shall be pro-rated among the Eligible Customers.

~~{(iii)}~~ For System Impact Studies that ~~{the}~~ [a] Transmission ~~{Provider}~~ [Owner or the ISO] conducts on its own behalf, the Transmission ~~{Provider}~~ [Owner or ISO] shall record the cost of the System Impact Studies pursuant to Section ~~{20.~~

~~}~~[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 Transmission Provider}~~ [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 ~~{system constraints and redispatch options,}~~ additional Direct Assignment Facilities or Network Upgrades required to ~~{provide the requested service}~~ [comply with a Eligible Customer's or Transmission Owner's request]. In the event that the ~~{Transmission Provider}~~ [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 ~~{Transmission Provider}~~ [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~~{. The}~~ [or a] Transmission ~~{Provider}~~ [Owner. The ISO] shall notify the Eligible Customer immediately upon completion of the System Impact Study if the ~~{Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement pursuant to Section 0, or the Application shall be deemed terminated and withdrawn}~~ [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: ~~{If}~~ [After] a System Impact Study indicates that additions or upgrades to the Transmission System ~~{are needed to supply the Eligible Customer's service request, the Transmission Provider}~~ [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, ~~{shall}~~ tender to the Eligible Customer a Facilities Study ~~{Agreement pursuant to which}~~ [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 ~~{Provider}~~ [Owner(s)] for performing the required Facilities Study~~{. For a service request to remain a Completed Application}~~ [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}~~ [agreement] and return it to the Transmission ~~{Provider}~~ [Owner(s)] within fifteen (15) days. ~~{If the Eligible Customer elects not to execute the Facilities Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 0, shall be returned with interest.}~~ Upon receipt of an executed Facilities Study ~~{Agreement,}~~ [agreement,] the Transmission ~~{Provider}~~ [Owner(s)] will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission ~~{Provider is}~~ [Owner(s) are] unable to complete the Facilities Study in the allotted time period, the Transmission ~~{Provider}~~ [Owner(s)] shall notify the ~~{Transmission}~~ [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 ~~{Transmission}~~ [Eligible] Customer, (ii) the ~~{Transmission Customer's}~~ [Eligible Customer's] appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Part II of ~~{the}~~ [this] Tariff, and (iii) the time required to complete such construction ~~{and initiate the requested service. The Transmission Customer shall provide the Transmission Provider}~~[. 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 ~~{Provider}~~ [Owner] equivalent to the costs of new facilities or upgrades consistent with commercial practices as ~~{estblished}~~ [established] by the Uniform Commercial Code. The [construction contract shall contain terms and obligations of the] Transmission Customer ~~{shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn}~~ [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 ~~{Provider}~~ [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 ~~{the}~~ [this] Tariff.

19.6 Due Diligence in Completing New Facilities: The Transmission ~~{Provider}~~ [Owner(s), in coordination with the ISO,] shall use due diligence to add necessary facilities or upgrade ~~{its Transmission System}~~ [their transmission systems] within a reasonable time. The Transmission ~~{Provider}~~ [Owner(s)] will not upgrade ~~{its}~~ [their] existing or planned ~~{Transmission System in order to provide the requested Firm Point-To-Point Transmission Service}~~ [system] if doing so would impair system reliability ~~{or otherwise impair or degrade existing firm service}~~.

19.7 Partial Interim Service: If the ~~{Transmission Provider determines that it will not have adequate transmission capability to satisfy the full amount of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider nonetheless shall be obligated to offer and provide the portion of the requested Firm Point-To-Point Transmission Service that can be accommodated without addition of any facilities and through redispatch. However, the Transmission Provider shall not be obligated to provide the incremental amount of requested Firm Point-To-Point Transmission Service that requires the addition of facilities or upgrades to the Transmission System until such facilities or upgrades have been placed in service}~~ [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 ~~{Provider}~~ [Owner(s)] to tender at one time, together with the results of required studies, an ~~{"Expedited Service Agreement"}~~["Expedited Request"] pursuant to which the Eligible Customer would agree to compensate the Transmission ~~{Provider}~~ [Owner(s) and ISO] for all costs incurred pursuant to the terms of ~~{the}~~ [this] Tariff. In order to exercise this option, the Eligible Customer shall request in writing an ~~{expedited Service Agreement}~~ [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 ~~{providing the requested service}~~ [order to address the Transmission Customer's request]. While the Transmission ~~{Provider agrees}~~ [Owner(s) agree] to provide the Eligible Customer with ~~{its}~~ [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 ~~{Provider}~~ [Owner(s)] for all costs incurred pursuant to the provisions of ~~{the}~~ [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}~~ [Customer's] request for service will cease to be a ~~{Completed Application}~~ [completed application] and will be deemed terminated and withdrawn.

~~{20}~~ [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 ~~{Provider}~~ [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 ~~{Provider}~~ [Owner(s) constructing the facilities] shall promptly notify the Transmission Customer. In such circumstances, the Transmission ~~{Provider}~~ [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 ~~{Provider}~~ [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 ~~{Provider}~~ [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 ~~{0}~~ [20.1] determines that one or more alternatives exist to the originally

planned construction project, the Transmission ~~{Provider}~~ [Owner] shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires ~~{to maintain its Completed Application subject to construction}~~ [that one] of the alternative facilities [be constructed], it may request the Transmission ~~{Provider}~~ [Owner(s)] to submit a revised ~~{Service Agreement for Firm Point-To-Point Transmission Service. If the alternative approach solely involves Non-Firm Point-To-Point Transmission Service, the Transmission Provider shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service}~~ [construction contract between the Transmission Customer and the Transmission Owner(s) constructing the alternative facilities]. In the event the Transmission ~~{Provider}~~ [Owner] concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the ~~{dispute resolution procedures pursuant to Section 0}~~ [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 ~~{Provider}~~ [Owner] and the Transmission Customer mutually agree that no other reasonable alternatives exist ~~{and the requested service cannot be provided out of existing capability under the conditions of Part II of the Tariff}~~, the obligation to

provide the requested ~~{Firm Point-To-Point Transmission Service}~~ [construction of additional facilities] shall terminate ~~{and any deposit made by}~~[. However,] the Transmission Customer shall be ~~{returned with interest pursuant to Commission regulations 35.19a(a)(2)(iii). However, the Transmission Customer shall be}~~ responsible for all prudently incurred costs by the Transmission ~~{Provider}~~ [Owner(s)] through the time construction was suspended.

~~{21}~~ [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 ~~{Provider}~~ [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 ~~{Transmission Provider}~~ [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: ~~{In circumstances where the need for transmission facilities or upgrades is identified pursuant to the provisions of Part II of the Tariff, and if such upgrades further require the addition of transmission facilities on other systems, the Transmission Provider}~~ [The

Transmission Owner(s)] shall have the right to coordinate construction on its own system with the construction required by others. The Transmission ~~{Provider}~~ [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 ~~{Provider}~~ [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 ~~{Provider}~~ [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 ~~{0}~~ [12] or it may refer the dispute to the Commission for resolution.

~~{22}~~ [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 ~~{Provider to provide transmission service}~~ [Service] on a non-firm basis over Receipt and Delivery Points other than those specified in the Service Agreement ~~{("Secondary}~~[(“Secondary] Receipt and Delivery ~~{Points")}~~ [Points”)], in amounts not to exceed ~~{its firm capacity reservation}~~ [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 ~~{and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by the Transmission Provider on behalf of its Native Load Customers}~~.

(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}~~ [Section] shall not exceed the ~~{Reserved Capacity}~~ [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 ~~{in the amount of its original capacity reservation}~~.

(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 ~~{the}~~ [this] Tariff. However, all other requirements of

Part II of ~~{the}~~ [this] Tariff (except as to transmission rates) shall apply to ~~{transmission service}~~ [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 ~~{0 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Service Agreement}~~ [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] ~~{23}~~ 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 ~~{Provider's}~~ [Owner’s] maximum rate on file at the time of the assignment, or (iii) the ~~{Reseller's}~~

[Reseller's] opportunity cost capped at the Transmission ~~{Provider's}~~ [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 ~~{Transmission Provider}~~ [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. ~~{If the Assignee requests a change in service, the reservation priority of service will be determined by the Transmission Provider pursuant to Section 0.}~~ [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 ~~{Transmission Provider}~~ [ISO] will consent to such change subject to the provisions of ~~{the}~~ [this] Tariff, provided that the change will not impair the operation and reliability of the ~~{Transmission Provider's generation, transmission, or distribution systems}~~ [NYCA]. The Assignee shall compensate the [ISO or] Transmission ~~{Provider}~~ [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}~~ [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: ~~{In accordance with Section 0,}~~ Resellers may use the ~~{Transmission Provider's}~~ [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] ~~{24}~~ [Point(s)] Metering and Power Factor Correction at Receipt and Delivery ~~{Points(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}~~ [Capacity] and ~~{energy}~~ [Energy] being transmitted under Part II of ~~{the}~~ [this] Tariff and to communicate the information to the Transmission ~~{Provider}~~ [Owner and the ISO]. Such equipment shall remain the property of the Transmission Customer.

24.2 ~~{Transmission Provider}~~ Access to Metering Data: The [ISO and] Transmission ~~{Provider}~~ [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 ~~{Provider}~~ [Owner] pursuant to Good Utility Practices. The power factor requirements are specified in the Service Agreement where applicable.

~~{25}~~ [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 ~~{0)}~~ [7)]; and Non-Firm Point-To-Point Transmission Service (Schedule ~~{0).}~~ [8).] The Transmission ~~{Provider}~~ [Owner] shall use Part II of ~~{the}~~ [this] Tariff to make its Third-Party Sales. The Transmission ~~{Provider}~~ [Owner] shall account for such use at the applicable Tariff rates, pursuant to Section ~~{0.}~~ [8.]

~~{26}~~ [The billing of these charges will be performed pursuant to Section 7.0 of this Tariff.

26.0] Stranded Cost Recovery

The Transmission ~~{Provider}~~ [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 ~~{Provider}~~ [Owners] must separately file any ~~{specific proposed}~~ [proposal to recover] stranded ~~{cost charge}~~ [costs] under Section 205 of the ~~{Federal Power Act.}~~ [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.]

~~{27}~~ [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 ~~{Transmission Provider}~~ [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. ~~{Whenever a System Impact Study performed by the Transmission Provider identifies capacity constraints that may be relieved more economically by redispatching the Transmission Provider's resources than by building new facilities or upgrading~~

~~existing facilities to eliminate such constraints, the Transmission Customer shall be responsible for the redispatch costs to the extent consistent with Commission policy.}~~

III. NETWORK INTEGRATION TRANSMISSION SERVICE

Preamble

The ~~{Transmission Provider}~~ [ISO] will provide Network Integration Transmission Service pursuant to the applicable terms and conditions contained in ~~{the}~~ [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 ~~{Provider}~~ [Owner] utilizes ~~{its Transmission System}~~ [their respective transmission systems] to serve ~~{its}~~ [their] Native Load Customers. Network Integration Transmission Service also may be used by the Network Customer to deliver economy ~~{energy}~~ [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}~~ [Service] for sales to non-designated ~~{loads}~~ [Loads] will be provided pursuant to the applicable terms and conditions of Part II of ~~{the}~~ [this] Tariff.

~~{28}~~ [28.0] Nature of Network Integration Transmission Service

28.1 Scope of Service: Network Integration Transmission Service is a ~~{transmission service}~~ [Transmission Service] that allows Network Customers to efficiently and economically utilize ~~{their}~~ Network Resources (as well as other non-designated generation resources) to serve their Network Load located in the ~~{Transmission Provider's Control Area}~~ [NYCA] and any additional ~~{load}~~ [Load] that may be designated pursuant to Section ~~{0}~~ [31.3] of ~~{the}~~ [this] Tariff. The Network Customer taking Network Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section [3.0] ~~{0}~~.

28.2 Transmission ~~{Provider}~~ [Owner] Responsibilities: ~~{The}~~ [Each] Transmission ~~{Provider}~~ [Owner] will plan, construct, operate and maintain ~~{its Transmission System}~~ [their respective transmission systems] in accordance with Good Utility Practice[,] in order to provide the Network Customer with Network Integration Transmission Service over the ~~{Transmission Provider's}~~ [NYS] Transmission System. The Transmission ~~{Provider}~~ [Owner], on behalf of its Native Load Customers, shall be required to designate resources and ~~{loads}~~ [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 ~~{Transmission Provider}~~ [ISO] to calculate ~~{available transmission capability.}~~ [ATC.] The Transmission ~~{Provider}~~ [Owners and the ISO]

shall include the Network Customer's Network Load in ~~{its Transmission System}~~ [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 ~~{Provider's}~~ [Owner's] delivery of its own generating and purchased resources to its Native Load Customers.

28.3 Network Integration Transmission Service: The ~~{Transmission Provider}~~ [ISO] will provide ~~{firm transmission service over its}~~ [Firm Transmission Service over the NYS] Transmission System to the Network Customer for the delivery of ~~{capacity and energy}~~ [Energy] from its designated Network Resources to ~~{service}~~ [serve] its Network Loads on a basis that is comparable to the Transmission ~~{Provider's}~~ [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 ~~{Transmission Provider's}~~ [NYS] Transmission System to deliver ~~{energy}~~ [Energy] to its Network Loads from resources that have not been designated as Network Resources. Such ~~{energy}~~ [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. ~~**{Deliveries from resources other than Network Resources will have a**~~

~~**higher priority than any Non-Firm Point-To-Point Transmission Service under Part II of the Tariff.}**~~

28.5 Real Power Losses: Real Power Losses are associated with all ~~{transmission service. The Transmission Provider is not obligated to provide Real Power Losses}~~ [Transmission Service]. The Network Customer is responsible for ~~{replacing}~~ losses associated with all ~~{transmission service as calculated by the Transmission Provider. The applicable Real Power Loss factors are as follows: [To be completed by the Transmission Provider]}~~ [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}~~ [Capacity] and ~~{energy}~~ [Energy] to non-designated ~~{loads,}~~ [Loads] or (ii) direct or indirect ~~{provision of transmission service}~~ [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 ~~{the}~~ [this] Tariff for any Third-Party Sale which requires use of the ~~{Transmission Provider's}~~ [NYS] Transmission System.

~~{29}~~ [29.0] Initiating Service

29.1 Condition Precedent for Receiving Service: Subject to the terms and conditions of Part III of ~~{the}~~ [this] Tariff, the ~~{Transmission Provider}~~

[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 ~~{the}~~ [this] Tariff~~{,}~~[;] (ii) the Eligible Customer[, ISO] and the Transmission ~~{Provider}~~ [Owner(s)] complete the technical arrangements set forth in Sections ~~{0}~~ [29.3] and ~~{0,}~~ [29.4;] (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment ~~{0}~~ [D] for service under Part III of ~~{the}~~ [this] Tariff or requests in writing that the ~~{Transmission Provider}~~ [ISO] file a proposed unexecuted Service Agreement with the Commission~~{, and}~~[;] (iv) the Eligible Customer executes a Network Operating Agreement with the ~~{Transmission Provider}~~ [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] ~~{0}~~.

29.2 Application Procedures: An Eligible Customer requesting service under Part III of ~~{the}~~ [this] Tariff must submit an Application~~{, with a deposit approximating the charge for one month of service, to the Transmission Provider}~~ [to the ISO] as far as possible in advance of the month in which service is to commence. ~~{Unless subject to the procedures in Section 0, Completed Applications}~~ [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 ~~{assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority}~~ [dated and time-stamped]. Applications should be submitted by entering the information listed below on the ~~{Transmission Provider's}~~ [ISO's] OASIS. Prior to implementation of the ~~{Transmission Provider's}~~ [ISO's] OASIS, a Completed Application may be submitted by (i) transmitting the required information to the ~~{Transmission Provider}~~ [ISO] by telefax, or (ii) providing the information by telephone over the ~~{Transmission Provider's}~~ [ISO's] time recorded telephone line.

~~{Each of these methods will provide a time-stamped record for establishing the service priority of the Application.}~~ A Completed Application shall provide all of the information included in 18 ~~{CFR}~~ [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 ~~{the}~~ [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}~~ [Loads] to be served at each transmission voltage level, and the ~~{loads}~~ [Loads] to be served from each Transmission ~~{Provider}~~ [Owner] substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter ~~{load}~~ [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}~~ [Loads] included in the Network Load. This shall include the summer and winter ~~{capacity}~~ [Capacity] requirements for each interruptible

~~{load}~~ [Load] (had such load not been interruptible), that portion of the ~~{load}~~ [Load] subject to ~~{interruption}~~ [Interruption], the conditions under which an ~~{interruption}~~ [Interruption] can be implemented and any limitations on the amount and frequency of ~~{interruptions}~~ [Interruptions]. An Eligible Customer should identify the amount of interruptible customer ~~{load}~~ [Load] (if any) included in the 10[-]year ~~{load}~~ [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}~~ [Capacity] from ~~{that}~~ unit to be designated as Network Resource

~~{-}~~[•] VAR capability (both leading and lagging) of all ~~{generators }~~[Generators]

~~{-}~~[•] Operating restrictions

~~{-}~~[•] Any periods of restricted operations throughout the year

~~{-}~~[•] Maintenance schedules

~~{-}~~[•] Minimum loading level of unit

~~{-}~~[•] Normal operating level of unit

~~{- Any must-run unit designations required for system reliability or contract reasons~~

~~- Approximate variable generating cost ($/MWH)}~~ [• 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 ~~{Transmission Provider}~~ [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 ~~{Transmission Provider's}~~ [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}~~ [Load], lines, transformers, reactive devices and ~~{load}~~ [Load] type, including normal and emergency ratings of all transmission equipment in a ~~{load}~~ [Load] flow format compatible with that used by the [ISO and the] Transmission ~~{Provider }~~[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}~~ [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 ~~{year}~~ [hour].

Unless the ~~{Parties}~~ [parties] agree to a different time frame, the ~~{Transmission Provider}~~ [ISO] must acknowledge the request within ten (10) days of receipt. The ~~{acknowledgement}~~ [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 Transmission Provider}~~ [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 ~~{Transmission Provider}~~ [ISO] will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the ~~{Transmission Provider}~~ [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}~~ [Section]. The Eligible Customer

will be assigned a new ~~{priority}~~ [time-stamp] consistent with the date of the new or revised Application. The ~~{Transmission Provider}~~ [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 ~~{Provider}~~ [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 ~~{Transmission Provider}~~ [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}~~ [Energy] from the ~~{Transmission Provider's}~~ [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.}~~ [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 ~~{Transmission Provider}~~ [ISO] will file Service Agreements with the Commission in compliance with applicable Commission regulations.

~~{30}~~ [30.0] Network Resources

30.1 Designation of Network Resources: Network Resources shall include all ~~{generation owned, purchased or leased by the Network Customer designated to serve Network Load under the Tariff}~~ [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}~~ [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}~~ [Loads] under firm agreements entered into on or before the Service Commencement Date shall ~~{initially}~~ [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 ~~{Transmission Provider}~~ [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] ~~{0}~~.

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 ~~{Transmission Provider}~~ [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 ~~{or Transmission Provider'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 ~~{Transmission Provider}~~ [ISO] to respond to an ~~{emergency}~~ [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 ~~{as requested by the Transmission Provider pursuant to Section 0. To the extent practical, the}~~[. The] redispatch of resources pursuant to this ~~{section}~~ [Section] shall be on a least cost, non-discriminatory basis ~~{between all Network Customers, and the Transmission Provider}~~.

30.6 Transmission Arrangements for Network Resources Not Physically Interconnected With The [NYS] Transmission ~~{Provider}~~ [System]: The Network Customer shall be responsible for any arrangements necessary to deliver ~~{capacity}~~ [Capacity] and ~~{energy}~~ [Energy] from a Network Resource not physically interconnected with the ~~{Transmission Provider's}~~ [NYS] Transmission System. The ~~{Transmission Provider}~~ [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: ~~{The Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff.}~~ [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 ~~{Transmission Provider's}~~ [NYS] Transmission System at any particular ~~{interface}~~ [Interface with another transmission system] to integrate ~~{the Network Customer's}~~ Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of the ~~{Transmission Provider's}~~ total ~~{interface}~~ [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 ~~{Transmission Provider's}~~ [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 ~~{Transmission Provider}~~ [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 ~~{the}~~ [this] Tariff, the Network Customer shall receive credit where such facilities are jointly planned and installed in coordination with the Transmission ~~{Provider}~~ [Owners]. Calculation of the credit shall be addressed in either the Network Customer's Service Agreement or any other agreement between the ~~{Parties.}~~ [parties.]

~~{31}~~ [31.0] Designation of Network Load

31.1 Network Load: The Network Customer must designate the individual Network Loads on whose behalf the ~~{Transmission Provider}~~ [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 ~~{Provider}~~ [Owners]: The Network Customer shall provide the [ISO and the] Transmission ~~{Provider}~~ [Owners] with as much advance notice as reasonably practicable of the designation of new Network Load that will be added to ~~{its}~~ [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 ~~{Provider}~~ [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 ~~{0}~~ [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 ~~{Provider:}~~ [System:] This ~~{section}~~ [Section] applies to both initial designation pursuant to Section ~~{0}~~ [31] and the subsequent addition of new Network Load not physically interconnected with the [NYS] Transmission ~~{Provider}~~ [System]. To the extent that the Network Customer desires to obtain ~~{transmission service}~~ [Transmission Service] for a load outside the ~~{Transmission Provider's}~~ [NYS] Transmission System, the Network Customer shall ~~{have the option of (1) electing to include the entire load as Network Load for all purposes under Part III of the Tariff and designating Network Resources in connection with such additional Network Load, or (2) excluding that entire load}~~ [exclude that entire Load]from its Network Load and ~~{purchasing}~~ [purchase] Point-To-Point Transmission Service under Part II of ~~{the}~~ [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}~~ [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}~~ [Interconnection] point between the ~~{Transmission Provider's}~~ [NYS] Transmission System and a Network Load, the Network Customer shall provide the

~~{Transmission Provider}~~ [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 ~~{the}~~ [a] Transmission ~~{Provider}~~ [Owner] and charged to the Network Customer as reflected in the Service Agreement. However, the ~~{Transmission Provider}~~ [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 ~~{Transmission Provider}~~ [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 ~~{the}~~ [this] Tariff. The Network Customer also shall provide the ~~{Transmission Provider}~~ [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 ~~{Transmission Provider's}~~ [ISO's] ability to provide reliable service.

~~{32}~~ [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] ~~{32.1 Notice of Need}~~ for System Impact Study:

~~{After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether}~~ [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 ~~{is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment 0. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform}~~ [unless] the Eligible Customer~~{, as soon as practicable. In such cases, the Transmission Provider shall }~~ [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 ~~{Completed Application}~~ [Study Request], tender a System Impact Study ~~{Agreement}~~ [agreement] pursuant to which the Eligible Customer shall agree to reimburse the ~~{Transmission Provider}~~ [ISO] for performing the required System Impact Study. ~~{For a service request to remain a Completed Application}~~ [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}~~ [agreement] and return it to the ~~{Transmission Provider}~~ [ISO] within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study ~~{Agreement, its Application}~~ [agreement, its Study Request] shall be deemed withdrawn ~~{and its deposit shall be returned with interest}~~.

32.2 System Impact Study Agreement and Cost Reimbursement:

~~{(i)}~~ The System Impact Study ~~{Agreement}~~ [agreement] will clearly specify the ~~{Transmission Provider's}~~ [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 ~~{Transmission Provider}~~ [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 ~~{request for service on the Transmission System. }~~[Study Request.]

~~{(ii) If }~~[If,] in response to multiple Eligible Customers requesting ~~{service}~~ [a study] in relation to the same competitive solicitation~~{,}~~[;] a single System Impact Study is sufficient for the ~~{Transmission Provider}~~ [ISO] to accommodate the ~~{service}~~ [study] requests, the costs of that study shall be pro-rated among the Eligible Customers.

~~{(iii)}~~ For System Impact Studies that ~~{the}~~ [a] Transmission ~~{Provider}~~ [Owner or the ISO] conducts on its own behalf, the Transmission ~~{Provider}~~ [Owner or ISO] shall record the cost of the System Impact Studies pursuant to Section ~~{0.~~

}[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 Transmission Provider} [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 {system constraints and redispatch options,} additional Direct Assignment Facilities or Network Upgrades required to {provide the requested service} [comply with an Eligible Customer's or Transmission Owner's request]. In the event that the {Transmission Provider} [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 {Transmission Provider} [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{. The} [or a] Transmission {Provider} [Owner. The ISO] shall notify the Eligible Customer immediately upon completion of the System Impact Study if the {Transmission System will

~~be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement, or the Application shall be deemed terminated and withdrawn}~~ [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: ~~{If}~~ [After] a System Impact Study indicates that additions or upgrades to the Transmission System ~~{are needed to supply the Eligible Customer's service request, the Transmission Provider}~~ [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, ~~{shall}~~ tender to the Eligible Customer a Facilities Study ~~{Agreement pursuant to which}~~ [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 ~~{Provider}~~ [Owner(s)] for performing the required Facilities Study~~{. For a service request to remain a Completed Application}~~

[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}~~ [agreement] and return it to the Transmission ~~{Provider}~~ [Owner(s)] within fifteen (15) days. ~~{If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest.}~~ Upon receipt of an executed Facilities Study ~~{Agreement,}~~ [agreement,] the Transmission ~~{Provider}~~ [Owner(s)] will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission ~~{Provider is}~~ [Owner(s) are] unable to complete the Facilities Study in the allotted time period, the Transmission ~~{Provider}~~ [Owner(s)] shall notify the ~~{Eligible}~~ [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 ~~{and initiate the requested service. The }~~[. 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 ~~{provide the Transmission Provider}~~[(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 ~~{Provider}~~ [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 ~~{have thirty (30) days to execute a Srvice Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request~~

~~no longer will be a Completed Application and shall be deemed terminated and withdrawn. }~~[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.]

~~{33}~~ **[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 ~~{Transmission Provider}~~ [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}~~ [parties] will implement such programs during any period when the ~~{Transmission Provider}~~ [ISO] determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The ~~{Transmission Provider}~~ [ISO] will notify all affected Network Customers in a timely manner of any scheduled Curtailment.

33.2 Transmission Constraints: During any period when the ~~{Transmission Provider}~~ [ISO] determines that a transmission ~~{constraint}~~ [Constraint] exists on the [NYS] Transmission System, and such ~~{constraint}~~ [Constraint] may impair the reliability of the [NYS] Transmission ~~{Provider's system, the Transmission Provider}~~ [System, the ISO] will take whatever actions, consistent with Good Utility Practice, that are reasonably

necessary to maintain the reliability of the [NYS] Transmission ~~{Provider's system}~~ [System]. To the extent the ~~{Transmission Provider}~~ [ISO] determines that the reliability of the [NYS] Transmission System can be maintained by redispatching resources, the ~~{Transmission Provider will initiate procedures pursuant to the Network Operating Agreement to redispatch all Network Resources and the Transmission Provider's own}~~ [ISO will redispatch all generation] resources on a least-cost basis ~~{without regard to the ownership of such resources}~~ [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}~~ [Section] may not unduly discriminate between the Transmission ~~{Provider's}~~ [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 ~~{Transmission Provider}~~ [ISO] implements least-cost redispatch procedures in response to a transmission ~~{constraint, the}~~ [Constraint, all] Transmission ~~{Provider}~~ [Customers] and Network Customers will ~~{each bear a proportionate share of the total redispatch cost based on their respective Load Ratio Shares}~~ [bear the costs of such redispatch in accordance with Attachment J].

33.4 Curtailments of Scheduled Deliveries: If a transmission ~~{constraint}~~ [Constraint] on the ~~{Transmission Provider's}~~ [NYS] Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and the ~~{Transmission Provider}~~ [ISO] determines that it is necessary to Curtail scheduled deliveries, the ~~{Parties}~~ [parties] shall Curtail such schedules in accordance with the Network Operating Agreement.

33.5 Allocation of Curtailments: The ~~{Transmission Provider}~~ [ISO] shall, on a non-discriminatory basis, Curtail the ~~{transaction(s)}~~ [Transaction(s)] that effectively relieve the ~~{constraint}~~ [Constraint]. However, to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by the Transmission ~~{Provider}~~ [Owners] and Network ~~{Customer}~~ [Customers] in proportion to their respective Load Ratio Shares. The ~~{Transmission Provider}~~ [ISO] shall not direct ~~{the}~~ Network ~~{Customer}~~ [Customers] to Curtail schedules to an extent greater than the ~~{Transmission Provider}~~ [ISO] would Curtail the Transmission

~~{Provider's}~~ [Owners’] schedules under similar circumstances.

33.6 Load Shedding: To the extent that a system contingency exists on the ~~{Transmission Provider's}~~ [NYS] Transmission System and the ~~{Transmission Provider}~~ [ISO] determines that it is necessary ~~{for the Transmission Provider and the Network Customer}~~ to shed load, the ~~{Parties}~~ [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 ~~{Transmission Provider}~~ [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 ~~{Provider's}~~ [Owner's] part for the purpose of [the Transmission Owners] making necessary adjustments to, changes in, or repairs on ~~{its}~~ [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 ~~{Transmission Provider's}~~ [NYS] Transmission System or on any other system(s) directly or indirectly interconnected with the ~~{Transmission Provider's}~~ [NYS] Transmission System, the ~~{Transmission Provider}~~ [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 ~~{Transmission Provider}~~ [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 ~~{Provider's}~~ [Owners'] use of the [NYS] Transmission System on behalf of its Native Load Customers. The ~~{Transmission Provider}~~ [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 Rates and Charges}~~ [34.0 Rates and Charges]

~~{The Network Customer shall pay the Transmission Provider for any Direct Assignment Facilities, Ancillary Services, and applicable study costs, consistent with Commission policy, along with the following:}~~ [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:

~~{The Network Customer shall pay a monthly Demand Charge, which shall be determined by multiplying its Load Ratio Share times one twelfth (1/12) of the Transmission Provider's Annual Transmission Revenue Requirement specified in Schedule 0.}~~[[Reserved]]

34.2 Determination of Network ~~{Customer's}~~ [Customer's] Monthly Network Load: ~~{The Network Customer's monthly Network Load is its hourly load (including its designated Network Load not physically interconnected with the Transmission Provider under Section 0) coincident with the Transmission Provider's Monthly Transmission System Peak.}~~[[Reserved].]

34.3 Determination of Transmission ~~{Provider's}~~ [Owner's] Monthly Transmission System Load:

~~{The Transmission Provider's monthly Transmission System load is the Transmission Provider's Monthly Transmission System Peak minus the coincident peak usage of all Firm Point-To-Point Transmission Service customers pursuant to Part II of this Tariff plus the Reserved Capacity of all Firm Point-To-Point Transmission Service customers.}~~[[Reserved].]

34.4 Redispatch Charge: The Network Customer shall pay ~~{a Load Ratio Share of any redispatch costs allocated between the Network Customer and the Transmission Provider pursuant to Section 0. To the extent that the Transmission Provider incurs an obligation to the Network Customer for}~~ redispatch costs in accordance with ~~{Section 0, such amounts shall be credited against the Network Customer's bill for the applicable month}~~ [the provisions of Attachment J].

34.5 Stranded Cost Recovery: The Transmission ~~{Provider}~~ [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 ~~{Provider}~~ [Owners] must separately file any proposal to recover stranded costs under Section 205 of the ~~{Federal Power Act.~~ ~~}~~[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.]

~~{35}~~ [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}~~ [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}~~ [parties] to (i) operate and maintain equipment necessary for integrating the Network Customer within the ~~{Transmission Provider's}~~ [NYS] Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between the [ISO,] Transmission ~~{Provider}~~ [Owners] and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the ~~{Transmission Provider's}~~ [NYS] Transmission System, interchange schedules, unit outputs for redispatch required under Section ~~{0}~~ [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}~~ [Loads] and resources necessary for long-term planning, and (v) address any other technical and operational

considerations required for implementation of Part III of ~~{the}~~ [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 ~~{[applicable regional reliability council]}~~ [Northeast Power Coordinating Council (NPCC)], (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with the ~~{Transmission Provider}~~ [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 ~~{[applicable regional reliability council]}~~ [NPCC] requirements. The ~~{Transmission Provider}~~ [ISO] shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services~~{. The}~~ [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 ~~{0}~~ [G].

35.3 Network Operating Committee: ~~{A}~~ [The ISO Operating Committee

will serve as the] Network Operating Committee ~~{(Committee) shall be established to}~~ [and will] coordinate operating criteria for the ~~{Parties'}~~ [parties'] respective responsibilities under the Network Operating Agreement. ~~{Each Network Customer shall be entitled to have at least one representative on the Committee.}~~ 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 retain 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 became 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}~~ [SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE]

This service is required to schedule the movement of power through, out of, within, or into ~~{a Control Area}~~ [the NYCA]. This service can be provided only by the ~~{operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System}~~ [ISO]. The Transmission Customer must purchase this service from the ~~{Transmission Provider or the Control Area operator}~~ [ISO]. The charges for Scheduling, System Control and Dispatch Service are ~~{to be based on the rates set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.~~

~~SCHEDULE 2~~

~~Reactive Supply and Voltage Control from Generation Sources Service}~~ [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 ~~{Provider's transmission facilities}~~ [System] within acceptable limits, generation facilities under the control of the ~~{control area operator}~~ [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 Transmission Provider's transmission facilities. The amount of Reactive Supply and Voltage Control from Generation Sources}~~ [Transaction on the NYS Transmission System. The amount of Voltage Support] Service that must be supplied with respect to the Transmission Customer's ~~{transaction}~~ [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 ~~{Transmission Provider.}~~ [ISO.]

~~{Reactive Supply and Voltage Control from Generation Sources}~~ [Voltage Support] Service is to be provided directly by the ~~{Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. The}~~ [ISO. The methodologies that the ISO will use to obtain Voltage Support Service and the associated] charges for such service ~~{will be based on the rates set forth below. To the extent the Control Area operator performs~~

~~this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by the Control Area operator.}~~ [are set forth below.]

~~{SCHEDULE 3}~~ **[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 {

~~Regulation and Frequency Response Service}~~ is necessary to provide for the continuous ~~{balancing}~~ [balance] of resources (generation and interchange) with ~~{load}~~ [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}~~ [Load]. The obligation to maintain this balance between resources and ~~{load lies with the Transmission Provider (or the Control Area operator that performs this function for the Transmission Provider). The Transmission Provider}~~ [Load lies with the ISO. The ISO] must offer this service when the ~~{transmission service}~~ [Transmission Service] is used to serve ~~{load}~~ [Load] within ~~{its Control Area}~~ [the NYCA]. The Transmission Customer must either purchase this service from the ~~{Transmission Provider}~~ [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 ~~{amount of and}~~ charges for Regulation and Frequency Response Service are set forth below.

~~{To the extent the Control Area operator performs this service for the Transmission Provider, charges to}~~ [1. 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 ~~{are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.}~~ [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.]

~~{SCHEDULE 4}~~[The ISO shall calculate the charge, for each hour, as follows:]

~~{Energy Imbalance Service}~~ [LSE Charge = (Supplier Payment - Supplier Charge - Generator Charge) x LRS_{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}~~ [Energy] to a ~~{load}~~ [Load] located within ~~{a Control Area}~~ [the NYCA] over a single hour. The ~~{Transmission Provider}~~ [ISO] must offer this service when the ~~{transmission service}~~ [Transmission Service] is used to serve ~~{load}~~ [Load] within ~~{its Control Area}~~ [the NYCA]. The Transmission Customer ~~{must either}~~[, which for purposes of this Rate Schedule is the LSE, must]purchase this service from the [ISO] ~~{Transmission Provider or make alternative comparable arrangements to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.~~

~~The Transmission Provider shall establish a deviation band of +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s). Parties should attempt to eliminate energy imbalances within the limits of the deviation band within thirty (30) days or within such other reasonable period of time as is generally accepted in the region and consistently adhered to by the Transmission Provider. If an energy imbalance is not corrected within thirty (30) days or a reasonable period of time that is generally accepted in the region and consistently adhered to by the Transmission Provider, the Transmission~~

~~Customer will compensate the Transmission Provider for such service. Energy imbalances outside the deviation band will be subject to charges to be specified by the Transmission Provider}~~. [

]The charges for Energy Imbalance Service are set forth below.

~~{SCHEDULE 5}~~ [1.0 Energy Imbalance Service Charges]

~~{Operating Reserve - Spinning Reserve Service}~~ [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.]

~~{Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output. The Transmission Provider}~~ [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}~~ [Transmission Service] is used to serve ~~{load}~~ [Load] within ~~{its Control Area}~~ [the NYCA]. The Transmission Customer[, which for purposes of this Rate Schedule is the LSE,] must either purchase this service from the ~~{Transmission Provider}~~ [ISO] or make alternative comparable arrangements to satisfy its ~~{Spinning}~~ [Operating] Reserve Service obligation. The amount of[,] and charges for ~~{Spinning}~~[, Operating] Reserve Service are set forth below.

~~{To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.~~

~~SCHEDULE 6~~

~~Operating Reserve - Supplemental Reserve Service~~

~~Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load. The Transmission Provider must~~

~~offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.~~

~~SCHEDULE 7~~

~~Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service~~

~~The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity at the sum of the applicable charges set forth below:~~

~~1) Yearly delivery: one-twelfth of the demand charge of $ /KW of Reserved Capacity per year.~~

~~2) Monthly delivery: $ /KW of Reserved Capacity per month.~~

~~3) Weekly delivery: $ /KW of Reserved Capacity per week.~~

~~4) Daily delivery: $ /KW of Reserved Capacity per day.~~

~~The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.~~

~~5) Discounts: Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider 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 one'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 agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.~~

~~SCHEDULE 8~~

~~Non-Firm Point-To-Point Transmission Service~~

~~The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth below:~~

~~1) Monthly delivery: $ /KW of Reserved Capacity per month.~~

~~2) Weekly delivery: $ /KW of Reserved Capacity per week.~~

~~3) Daily delivery: $ /KW of Reserved Capacity per day.~~

~~The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.~~

~~4) Hourly delivery: The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed $ /MWH. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.~~

~~5) Discounts: Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider 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 one'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 agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.)~~ [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:

Hourly Day-Ahead TUC = Scheduled Amount x ($DALBMP_{DP}$ -$DALBMP_{RP}$)

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:

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

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 then 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 then 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

WTSC = Schedule Amount x 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

WTSC = Actual Energy Withdrawals x 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 Transmisison 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

NTAC = Scheduled Amount x 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:

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 then 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 then 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

WTSC = Schedule Amount x 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

WTSC = Actual Energy Withdrawals x 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 retal 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

NTAC = Scheduled Amount x 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

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 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:

Hourly Day-Ahead TUC = Scheduled Amount x ($DALBMP_{DP}$ -$DALBMP_{RP}$)

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:

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

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 then 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 then 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

WTSC = Schedule Amount x 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

WTSC = Actual Energy Withdrawals x 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 Transmisison 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

NTAC = Scheduled Amount x 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.]

~~{Page 1 of 4~~
~~}~~ATTACHMENT A

Form ~~{Of}~~ [of] Service Agreement [for] ~~{For~~

~~}~~ Firm Point-To-Point Transmission Service

1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ (the ~~{Transmission Provider), and _____}~~[?ISO"), and _____] ("Transmission Customer").

2.0 The Transmission Customer has been determined by the ~~{Transmission Provider}~~ [ISO] to have a Completed Application for Firm Point-To-Point Transmission Service under the Tariff.

3.0~~{ The Transmission Customer has provided to the Transmission Provider an Application deposit in accordance with the provisions of Section 0 of the Tariff.~~

~~4.0}~~ Service under this agreement shall commence on the later of (l) 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.

~~{5.0 The Transmission Provider}~~ [4.0The ISO] agrees to provide and the Transmission Customer agrees to ~~{take and}~~ pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.

~~{Page 2 of 4~~

~~6.0)~~ [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.

~~{Transmission Provider:}~~ [ISO:]

~~{~~_____~~}~~[_____]

~~{~~_____~~}~~[_____]

~~{~~_____~~}~~[_____]

Transmission Customer:

~~{~~_____~~}~~[_____]

~~{~~_____~~}~~[_____]

~~{~~_____~~}~~[_____]

~~{7.0)~~ [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.

~~{Transmission Provider}~~ [ISO]:

By:_____ _____ _____

Name Title Date

Transmission Customer:

By:_____ _____ _____

Name Title Date

~~{Page 3 of 4~~

~~}~~Specifications For ~~{Long-Term}~~ Firm Point-To-Point

Transmission Service

l.0 Term of Transaction:

~~{~~_____~~}~~[_____

_____]

~~{Start Date: _____}~~[Start Date:

_____]

~~{Termination Date: _____}~~[Termination

Date: _____]

~~{2.0 Description of capacity and energy}~~ [2.0 Description of Capacity and

Energy] to be transmitted by ~~{Transmission Provider}~~ [ISO] including the electric

Control Area in which the transaction originates.

~~{~~_____~~}~~[_____

_____]

3.0 Point(s) of

Receipt:~~{~~_____~~}~~[_____

_____]

~~{Delivering Party:_____}~~[Delivering Party:_____]

4.0 Point(s) of Delivery:~~{_____}~~[_____]

~~{Receiving Party:_____}~~[Receiving Party:_____]

5.0 Maximum amount of ~~{capacity}~~ [Capacity] and ~~{energy}~~ [Energy] to be transmitted~~{(Reserved Capacity):_____}~~[:_____]

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

~~_____~~

~~_____~~

~~_____}~~[____

_____

_____

_____

_____

_____]

7.0 Name(s) of any Intervening Systems providing transmission

service:{_____

}_____

{Page 4 of

4}[_____]

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

8.1 Transmission {Charge:_____}[Service Charge:_____]

{_____}[_____]

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

{_____}[_____]

{_____}[_____]

8.3 Direct Assignment Facilities Charge:{_____}[_____]

{_____}[_____]

8.4 Ancillary Services Charges:{_____

~~ATTACHMENT B~~

~~Form Of Service Agreement For Non-Firm Point-To-Point~~

~~Transmission Service~~][_____

_____

_____

_____

_____

_____

_____

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 ~~{Transmission Provider)}~~ [ISO)], and _____ (Transmission Customer).

2.0 The Transmission Customer has been determined by the ~~{Transmission Provider}~~ [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 ~~{Section 0}~~ [Part II] of ~~{the}~~ [this] Tariff.

3.0 Service under this Agreement shall be provided by the ~~{Transmission Provider}~~ [ISO] upon request by an authorized representative of the Transmission Customer.

4.0 The Transmission Customer agrees to supply information the ~~{Transmission Provider}~~ [ISO] deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.

5.0 The ~~{Transmission Provider}~~ [ISO] agrees to provide and the Transmission Customer agrees to ~~{take and}~~ 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.

~~{Transmission Provider:}~~ [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.

~~{Transmission Provider}~~ [ISO]:

By: _____
~~{_____ _____}~~[Name]

~~{Name Title }~~[_____
Title

_____]
Date

Transmission Customer:

By: _____
~~{~~_____ _____~~}~~[Name]

~~{Name Title }~~[_____
Title

_____]
Date

ATTACHMENT C

~~**{Methodology To Assess Available Transmission Capability**~~

~~**To be filed by the Transmission Provider**~~

~~**ATTACHMENT D**~~

~~**Methodology for Completing}**~~ **[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 ~~{To be filed by the Transmission Provider~~

~~ATTACHMENT E~~

~~Index Of Point-To-Point Transmission Service Customers~~

~~Date of~~

~~Customer Service Agreement~~

~~ATTACHMENT F~~

~~Service Agreement For~~

~~Network Integration Transmission Service~~

~~To be filed by the Transmission Provider~~

~~ATTACHMENT G~~

~~}~~[.

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 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

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:_____

_____

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 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:

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

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; (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;

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 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 (SR_2), 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:

$$\textbf{WHOLESALE TSC} = [(RR \div 12) + (CCC \div 12) - SR_2 - WR] / (BU \div 12)$$

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:

WHOLESALE TSC = {(RR÷12) + (CCC÷12) - SR - ECR - CRR-WR}/(BU÷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 longer be applicable and each Transmission Owner shall calculate its Wholesale TSC using the following equation:

WHOLESALE TSC = {(RR÷12) + (CCC÷12) - SR - ECR - CRR - WR}/(BU÷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] ~~{To be filed by the Transmission Provider~~
~~ATTACHMENT H~~

~~Annual Transmission Revenue Requirement~~
~~For Network Integration Transmission Service~~

~~1. The Annual Transmission Revenue Requirement for purposes of the Network Integration Transmission Service shall~~
~~be .~~

~~2. The amount in (1) shall be effective until amended by the Transmission Provider or modified by the Commission.}~~

[

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 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.

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 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.

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.

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

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

PA27	Niagara / Beck	230	NYPA / OH	NYPA
PV-20	Plattsburgh / Grand Isle	115	NYPA / NE	NYPA]

[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 applicabile 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		**]**

~~{ATTACHMENT I~~

~~Index Of Network Integration Transmission Service Customers~~

~~Date of~~
~~Customer Service Agreement }~~[Notes: (1) - Load is treated as an entity external to the NYCA.

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.

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:

NTAC = {(RR ÷ 12) - (EA) - (IR ÷ 12) - SR - CRN - WR - ECR}/(BU ÷ 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= $SR_1 + SR_2$

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) 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 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 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. 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:

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

SR_2 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:

$$\mathbf{NTAC = \{(RR \div 12) - (EA) - (IR \div 12) - WR - CRN - SR_1 - ECR\}/(BU \div 12)}$$

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 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:

RR = $165,449,297

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 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