

**1.42.01 Sink Price Cap Bid:** A Bid Price provided by an entity engaged in an Export to indicate the Proxy Generator Bus LBMP below which that entity is willing to either purchase Energy in the LBMP Markets or, in the case of Bilateral Transactions, to accept Transmission Service.

**1.42.02 Special Test Transactions:** The revenues or costs from purchases and/or sales of Energy that may occur pursuant to intra-hour transaction pilot tests conducted by the ISO to analyze potential solutions for, or approaches to resolving, inter-market “seams” issues with neighboring control area operators.

**1.42.02 Start-Up Bid:** *A Bid parameter that may vary hourly and that identifies the payment a Supplier requires to bring a Generator up to its specified minimum operating level from an offline state or a Demand Side Resource from a level of no Demand Reduction to its specified minimum level of Demand Reduction.*

**1.42a Storm Watch:** Actual or anticipated severe weather conditions under which region-specific portions of the NYS Transmission System are operated in a more conservative manner by reducing transmission transfer limits.

**1.42b Strandable Costs:** Prudent and verifiable expenditures and commitments made pursuant to a Transmission Owner’s legal obligations that are currently recovered in the Transmission Owner’s retail or wholesale rate that could become unrecoverable as a result of a restructuring of the electric utility industry and/or electricity market, or as a result of retail-turned-wholesale customers, or customers switching generation or transmission service suppliers.

**1.42c Stranded Investment Recovery Charge (“SIRC”):** A charge established by a Transmission Owner to recover Strandable Costs.

**1.42d Supplier:** A Party that is supplying the Capacity, Energy and/or associated Ancillary Services to be made available under the ISO OATT or the ISO Services Tariff, including Generators and Demand Side Resources that satisfy all applicable ISO requirements.

**1.42e Supplemental Resource Evaluation (“SRE”):** A determination of the least cost selection of additional Generators, which are to be committed loaded, to meet changed conditions that may cause the original system dispatch to be inadequate to meet Load and/or reliability requirements.

**1.43 System Impact Study:** An assessment by the ISO of (i) the adequacy of the NYS Transmission System to accommodate a request to build facilities in order to create incremental transfer capability, resulting in incremental TCCs, in connection with a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service; and (ii) the additional costs to be incurred in order to provide the incremental transfer capability.

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Superseding Substitute Original Sheet No. 235

- Costs that the ISO incurs as a result of bad debt, including finance charges;
- Refunds, if any, ordered by the Commission to be paid by the ISO, at the conclusion of Central Hudson Gas & Electric Corp., Docket Nos. ER97-1523- 011, OA97-470-010 and ER97-4234-008; and
- Regulatory fees.

B. Fifty percent of the costs associated with the start-up and formation of the ISO, equaling \$27.45 million, plus interest, less one-half of the start-up costs already collected by the ISO under the ISO OATT.

These costs will be amortized over a five-year period, from January 1, 2000 through December 31, 2004, and Rate Schedule 1 will include an amortized amount of the costs, inclusive of interest costs.

#### **4. Residual Adjustment and Bid Production Guarantees**

##### **A. Residual Adjustment**

The ISO's payments from Transmission Customers will not equal the ISO's payments to Suppliers. Part of the difference consists of Day-Ahead Congestion Rent. The remainder comprises the Residual Adjustment, which will be an adjustment to the costs in Section 3A. 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;

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- 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;
- Costs or revenues from Special Test 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.
- Payments made to Generators that are redispatched pursuant to the Interregional Transmission Congestion Management Pilot Program, set forth in Section 5.1.1.-5.1.1.5.4 of the Services Tariff, to the extent such payments are not recovered by the ISO an Emergency Transaction with another Control Area.

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Proposed insert to Accounting & Billing Manual, Section 3: NYISO Settlement

3.3.4 Special Test Transactions Purchases and Sales [OATT Schedule 1]

The NYISO may, from time to time, schedule specific MW transactions at defined time intervals from one Control Area to the other to test possible solutions for, or approaches to, resolving inter-market “seams” issues between the ISO and other Control Areas. These Special Test Transactions, defined in OATT at section 1.42.02, may result in Energy purchases from, or Energy sales to, the Control Area(s) participating in the testing. The revenues or costs from such Special Test Transactions become components of the Scheduling, System Control, & Dispatch Service Charge per Schedule 1 of the Open Access Transmission Tariff.