and Capacity market clearing prices in addition to Congestion Costs.

4.4   Scheduling Prerequisites

Each Customer shall be subject to a minimum Transaction size of one (1) megawatt

("MW") between each Point of Injection and Point of Withdrawal in any given hour. Each

Transaction must be scheduled in whole megawatts.

4.5   Communication Requirements for Market Services

Customers may utilize a variety of communications facilities to access the ISO's OASIS

and Bid/Post System, including but not limited to, conventional Internet service providers, wide

area networks such as NERC net, and dedicated communications circuits. Customers shall

arrange for and maintain all communications facilities for the purpose of communication of

commercial data to the ISO. Each Customer shall be the customer of record for the

telecommunications facilities and services its uses and shall assume all duties and responsibilities

associated with the procurement, installation and maintenance of the subject equipment and

software.

4.6   Load Forecasts, Bids and Bilateral Schedules

By 5 a.m., on the day prior to the Dispatch Day: (i) All LSEs serving Load in the NYCA

shall provide the ISO with Day-Ahead and seven (7) day Load forecasts; and (ii) LSEs and

Suppliers who participate in the Day-Ahead Market shall provide the ISO with:

1.   Bids to supply Energy and/or Ancillary Services from Generators;

2.   Requests for Bilateral Transaction schedules;

3.   Bids to purchase Energy in the Day-Ahead Market; and

4.   Demand Reduction Bids.

In general, the information provided to the ISO shall include the following:

Load Forecasts - The Load forecast shall indicate the predicted level of Load in MW by Point of Withdrawal for each hour of the following seven (7) days.

Bids to Supply Energy and/or Ancillary Services from Suppliers - Bids from Suppliers shall identify the Capacity, in MW, available for commitment in the Day-Ahead Market (for every hour of the Dispatch Day) and the price(s) at which the Supplier will voluntarily enter into dispatch commitments. The Bids shall identify the resource as Dispatchable (On-Dispatch or Off-Dispatch) or non-Dispatchable and will identify the Ancillary Services that are available from the resource. The Bids may separately identify Minimum Generation and Start-Up Bids and variable Energy price Bids.

Bilateral Transaction Schedules - Bilateral Transaction schedules shall identify hourly Transaction quantities (in MW) by Point of Injection and Point of Withdrawal, minimum run times associated with Firm Point to Point Transmission Service, if any -and provide other information (as described in Attachment D).

Issued on: April 4, 2001

New York Independent System Operator, Inc.   First Revised Sheet No. 89
FERC Electric Tariff   Superseding Original Sheet No. 89
Original Volume No. 2

Bids to Purchase Energy in the Day-Ahead Market - Each purchaser shall submit Bids indicating the hourly quantity of Energy, in MW, that it will purchase from the Day-Ahead Market for each hour of the following Dispatch Day. These Bids shall indicate the quantities to be purchased by Point of Withdrawal. The Bids may identify prices at which the purchaser will voluntarily Curtail the Transaction.

Bids to Supply Demand Reductions in the Day-Ahead Market – Demand Reduction Bids from Demand Reduction Providers shall be in whole megawatts and, as described in Attachment D, shall: (i) identify the amount of demand, in MW, that is available for commitment in the Day-Ahead Market (for every hour of the dispatch day) and (ii) the prices at which the Demand Reduction Provider will voluntarily enter into dispatch commitments to reduce demand. The Bids will identify the minimum period of time that the Demand Reduction Provider is willing to reduce demand. The Bid may separately identify the Demand Reduction Provider's Curtailment Initiation Cost.

4.7   ISO Responsibility to Establish a State-wide Load Forecast

By 6 a.m., on the day prior to the Dispatch Day, the ISO will verify the Individual Load forecasts from the LSEs. Should the ISO determine that Individual Load forecasts are inconsistent with the ISO's forecast, the ISO will evaluate the discrepancies between them. By 8 a.m., the ISO will develop and publish its statewide Load forecast on the OASIS. The ISO will use this forecast to perform the SCUC for the Dispatch Day.

New York Independent System Operator, Inc.   First Revised Sheet No. 90
FERC Electric Tariff   Superseding Original Sheet No. 90
Original Volume No. 2

All Customers shall comply with all applicable federal, state and local laws, regulations and orders.

4.9   Security Constrained Unit Commitment ("SCUC")

Subject to ISO Procedures and Good Utility Practice, the ISO will develop a SCUC schedule over the Dispatch Day using a computer algorithm which simultaneously minimizes the total Bid Production Cost of: (i) supplying power or Demand Side Resources to satisfy accepted purchasers' Bids to buy Energy from the Day-Ahead Market; (ii) providing sufficient Ancillary Services to support Energy purchased from the Day-Ahead Market; (iii) committing sufficient Capacity to meet the ISO's Load forecast and provide associated Ancillary Services; and (iv) meeting Bilateral Transaction schedules submitted Day-Ahead. The computer algorithm shall consider whether accepting Demand Reduction Bids will reduce the total Bid Production Cost. The schedule will include commitment of sufficient Generators and/or Demand Side Resources and/or Interruptible Load to provide for the safe and reliable operation of the NYS Power System. In cases in which the sum of all Bilateral Schedules and all Day-Ahead Market purchases to serve Load within the NYCA in the Day-Ahead schedule is less than the ISO's Day-Ahead forecast of Load, the ISO will commit resources in addition to the reserves it normally maintains to enable it to respond to contingencies. The purpose of these additional resources is to ensure that sufficient Capacity is available to the ISO in real-time to enable it to

meet its Load forecast (including associated Ancillary Services). In considering which

additional resources to schedule, import transactions, the cost of which effectively exceed a Bid

Price cap in the hours in which the capacity is required, will not be scheduled. In addition to all

Reliability Rules, the ISO shall consider the following information when developing the SCUC

schedule: (i) Load forecasts provided to the ISO and adjusted as required by the ISO; (ii)

Ancillary Service

requirements as determined by the ISO; (iii) Bilateral Transaction schedules; (iv) price Bids and

operating Constraints submitted for Generator or Demand Side Resources; (v) price Bids for

Ancillary Services; (vi) 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 scheduling of transaction with identical price Bids and minimum run times greater

than one hour will not be prorated.   The SCUC schedule shall list the twenty-four (24) hourly

injections for: (a) each Generator or Demand Side Resource 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 and Demand Side Resources based upon any flexible Bids, including Minimum

Generation and Start-Up Bids and Curtailment Initiation Cost Bids, Energy, and Incremental

Bids and Decremental Bids received by the ISO.

The ISO will select the least cost mix of Ancillary Services and Energy Suppliers and

Demand Side Resources. The ISO may substitute higher quality Ancillary Services (i.e., shorter

response time) for lower quality Ancillary Services when doing so would result in an overall

least bid cost solution. For example, 10-Minute Non-Synchronized Reserve may be substituted

for 30-Minute Reserve if doing so would reduce the total bid cost of providing Energy and

Ancillary Services.

4.10 Reliability Forecast

In the SCUC program, system operation shall be optimized based on Bids over the

Dispatch Day. However, to preserve system reliability, the ISO must ensure that there will be

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