

DRAFT -- FOR DISCUSSION PURPOSES ONLY

PROPOSED REVISIONS TO
ATTACHMENT K OF THE OATT

Note: The proposed tariff changes are indicated in this document in track changes, but certain formatting changes were made before editing these sheets: (i) headers and footers were removed, other than sheet numbers; (ii) double-spacing was converted to single-spacing, (iii) certain formatting and spacing between characters were revised. These changes will not show as track changes. In addition, some text was relocated for reorganization/clarification purposes, which relocation is noted only in footnotes. Additional explanatory footnotes are included throughout the text.

ATTACHMENT K

RESERVATION OF CERTAIN TRANSMISSION

CAPACITY ~~AND LBMP TRANSITION PERIOD~~

1.0 GENERAL DESCRIPTION OF EXISTING TRANSMISSION CAPACITY RESERVATIONS

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

2.0 TRANSMISSION WHEELING AGREEMENT (~~“TWA”~~) TREATMENT

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

Each TWA between Transmission Owners associated with a Generator or a power supply contract ~~shall be~~ was converted into a Modified Wheeling

Agreement (~~“MWA”~~) to be effective upon or around LBMP implementation the start-up of the ISO. The Such TWAs ~~being~~ converted to MWAs are listed in Attachment L, Table 1 A, where the “Treatment” column is denoted as “MWA.” The terms and conditions of each of these TWAs shall remain unchanged by the conversion, except as follows:

- (i) the MWA ~~C~~customer will have had the option of retaining ~~the transmission rights received under the existing TWA (“Grandfathered Rights”)~~ or converting those ~~transmission Grandfathered R~~ights to ~~TCCs (“Grandfathered TCCs”)~~ pursuant to Section 2.5;
- (ii) the rights and obligations under the MWA shall be assignable, in whole or in part, with the transfer of a Generator or rights under a power supply contract to an assignee that satisfies reasonable creditworthiness standards;
- (iii) the MWA ~~c~~Customer or the assignee will continue to pay the embedded cost-

based rate for Transmission Service in accordance with Sections 3.2 and/or 4.20;
~~below except that it~~

- (iv) ~~the MWA customer~~ shall have to pay for losses under this ~~Tariff~~ ISO OATT in accordance with Section 5.0, and the Transmission Owner shall not charge the MWA ~~c~~Customer or the assignee of the MWA for losses to the extent they are provided under this ~~Tariff~~ ISO OATT;
- (iv) the payments under MWAs ~~for Grandfathered Rights and Grandfathered TCCs~~ do not include the costs of Ancillary Services as provided in Section 6.0, and customers under these agreements will be responsible for Ancillary Services consistent with

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~~the other provisions of this Tariff~~ Section 6.0; ~~(v) — any additional modifications to each TWA necessary to convert it into a MWA shall be the subject of a separate amendment to the TWA;~~ and

- (vi) the corresponding MWA will be terminated, to the extent the TWA is to transmit Energy from ~~such a~~ Generator, upon the retirement of the associated Generator, the termination of the associated power supply contract, or such other date specified in the MWA by mutual agreement of the parties to the TWA¹, ~~except as follows:~~
 - (A) ~~Subject to Paragraph (B), for each TWA associated with a power supply contract, that is terminated pursuant to its terms prior to the end of the LBMP Transition Period, the MWA shall remain in effect until the end of the LBMP Transition Period. At the end of the LBMP Transition Period, such MWAs will be automatically terminated.~~
 - (B) ~~For each TWA associated with (a) the Blenheim Gilboa power supply contract (as noted in Attachment L, Table 1, Line Items 2, 8, 17, 31, 48 and 59) or , if the power supply contract is terminated~~

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~~pursuant to its terms prior to the end of the LBMP Transition Period, the MWA shall also be terminated.~~²

¹ For purposes of settlement purposes, the termination date in relation to GFR-related, GFTCC-related, and similar settlements will be as set forth in Attachment L, Table 1A. This issue will be addressed more thoroughly as part of the “Attachment L” issue that is to be brought before stakeholders separately. In drafting the Attachment L related tariff changes, the NYISO intends to clarify this Section 2.1(vi) to provide that only the termination date identified in Attachment L will be reflected in NYISO settlements/processes.

² This deletion of (A) and (B) was made because it is outdated.

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

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

2.2 Third Party TWAs

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

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~~(i) — retaining the existing transmission rights (“Grandfathered Rights”) subject to the provisions below;~~

~~or converting the Grandfathered transmission R~~ights to Grandfathered TCCs ~~pursuant to Section 2.5.~~, and (a) ~~purchase or sell power in the LBMP Market pursuant to this Tariff or (b) execute Bilateral Transactions for Capacity, Energy, and/or Ancillary Services, and obtain Transmission Service subject to the rates, terms, and conditions of this Tariff except as explicitly noted below in this Attachment; or~~

~~(iii) — terminate the existing agreement (if the terms and conditions allow termination), and (a) purchase or sell power in the LBMP Market pursuant to this Tariff or (b) execute Bilateral Transactions for Capacity, Energy, and/or Ancillary Services, and obtain Transmission Service subject to the rates, terms, and conditions of this Tariff.³~~

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

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~~Customers electing Grandfathered Rights will be exempt from having to pay the~~

³ This paragraph (iii) was deleted because the rule is covered already in the introductory paragraph of this Section 2.2 (i.e., proposed revised Section 2.2), which provides that the Third Party TWA “will remain in effect in accordance with its terms and conditions, including provisions governing modification or termination.”

2.3 Other TWAs Between Transmission Owners

~~Commencing with LBMP implementation~~ On or around ISO start-up, certain TWAs between the Transmission Owners ~~will be~~ terminated. These TWAs are not listed in Attachment L, Table 1A, ~~and no rights or obligations shall be associated with such TWAs pursuant to this ISO OATT where the “Treatment” column is denoted as “Terminated.”~~

2.4 Transmission Facility ~~ies~~ Agreements

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

TFAs that contain provisions for transmission service are listed in Attachment L, Table 1A, where the “Treatment” column is denoted as “Facility Agmt - MWA.” These TFAs will remain in effect in accordance with their terms and conditions, including any provision governing modification or termination, ~~except that customers under these agreements may elect Grandfathered Rights or may convert their rights to Grandfathered TCCs.~~⁵

2.5 Grandfathered Rights and Grandfathered TCCs Created from MWAs, Third Party TWAs, and TFAs with Transmission Service

A. Each MWA customer, Third Party TWA customer, and customer under a TFA containing provision for transmission service (such customers being listed as the “requestor” in Attachment L, Table 1A):

- (i) was initially deemed to hold a Grandfathered Right with the Point of Injection, Point of Withdrawal, termination date, and other terms of the Existing Transmission Agreement, which Grandfathered Right shall (unless converted to a Grandfathered TCC) continue in effect with the Point of Injection, Point of Withdrawal, termination date, and other terms indicated in Attachment L, Table 1A; and
- (ii) was permitted to convert such Grandfathered Right into a Grandfathered TCC until the date that was the earlier of two weeks prior to the first TCC Auction or six weeks prior to the start-up of the ISO, which Grandfathered TCC shall continue in effect in accordance with the Point of Injection, Point of Withdrawal, termination date, and other terms indicated in Attachment L, Table 1A.

B. Grandfathered Rights may not be converted to Grandfathered TCCs. Grandfathered

⁴ The first sentence of this paragraph was deleted because it is covered already in Section 3.3 (i.e., proposed revised Section 3.3).

⁵ This provision was deleted because it is covered in more comprehensive detail in Section 2.5 (i.e., proposed revised Section 2.5).

TCCs may not be converted to Grandfathered Rights.

C. Subject to Section 9.0, For the Third Party TWAs listed in Attachment L, Table 1A, Line Items contract numbers 55-62, 65-69, 73-82, 84-92, 98-114, 150-190,⁶ each specific individual municipal or cooperative electrical system listed in each such Existing Transmission Agreement shall be deemed to be the Third Party TWA Customer for purposes of electing one (1) of the options set forth above. The municipal or cooperative may elect holding Grandfathered Rights or Grandfathered TCCs in specified amounts between specified Points of Receipt Injection and Points of Delivery Withdraw. Those Grandfathered Rights or Grandfathered TCCs become are the Grandfathered Rights or Grandfathered TCCs of the municipal or cooperative. Whichever a Grandfathered Right or Grandfathered TCC option is selected are held by the municipal or cooperative, it thereby waives all rights under the Federal Power Act associated with NYPA's obligation to secure transmission wheeling arrangements on its behalf -associated with the Third Party TWA rights elections. If any specific municipal or cooperative fails to make this election, NYPA shall have the right to make the election for that municipal or cooperative.⁷

2.56 Existing Transmission Capacity for Native Load (“ETCNL”)

Certain transmission capacity associated with the use of a Transmission Owner's own system to serve its own load will be designated as Existing Transmission Capacity for Native Load, and as shown on Table 3 of Attachment L.

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The transmission Capacity shown on Table 3 of Attachment L will be available to the designated Transmission Owner in each Centralized TCC Auction; *provided, however*, that the amount of transmission Capacity available from each set of ETCNL may be reduced (i) if the ETCNL was previously sold as TCCs that are valid for any part of the duration of any TCCs to be sold in the Centralized TCC Auction, (ii) if the ETCNL is reduced pursuant to Section 3.0 of Attachment M of this Tariff, or (iii) if the ETCNL is converted to ETCNL TCCs pursuant to Section 5.0 of Attachment M of this Tariff.

The Transmission Owners shall release all ETCNL that is not converted into ETCNL TCCs into each Centralized TCC Auction in accordance with Attachment M.

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

3.0 TERMS APPLICABLE TO GRANDFATHERED RIGHTS AND GRANDFATHERED TCCS UNDER MWAS, TFAS, AND THIRD PARTY TWAS.

3.1 Congestion Charge Relief Associated with Grandfathered Rights

Each ETA Customer that maintains holder of Grandfathered Rights under an option listed

⁶ These contract id numbers will need to be revised in connection with the Att. L filing.

⁷ This provision was relocated from the second paragraph of sheet 506 of the existing Att. K.

~~in Section 2 above, retain~~has the right to inject power at one specified bus and take power at

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another specified bus up to amounts reflected in Attachment L, Table 1A, without having to pay the Congestion Component of the TUC, but only to the extent it schedules the injection and withdrawal Day-Ahead and is on schedule and identifies pursuant to ISO Procedures that a Grandfathered Right is associated with the Transaction. If ~~it~~ the holder of the Grandfathered Right does not schedule Energy Day-Ahead or inject or withdraw Energy, it will not receive (or pay) any Congestion Rents associated with the Transaction. If the ETA Customer holder of a Grandfathered Right schedules Day-Ahead and/or transacts for a portion of the Grandfathered Rights that are retained, it will not receive any compensation for the unused transmission capacity.⁸ If the ~~customer under the MWA, TFA or Third~~

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Party TWA holder of a Grandfathered Right transmits Energy without scheduling it Day-Ahead or fails to identify pursuant to ISO Procedures that a Grandfathered Right is associated with the Transaction or exceeds the amounts specified in Attachment L, Table 1A, the customer will pay the real-time TUC for all Energy transmitted under the Transaction exceeding the Day-Ahead schedule or the number of MWs of Grandfathered Rights. This TUC will include real-time Congestion Rents. ~~The ETA Customer will not be permitted to resell or transfer these Grandfathered Rights unless permitted in the existing agreements, except as noted above.~~⁹

3.2 — MWAs and TFAs

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

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~~Owner under the MWA or TFA directly for the Grandfathered Rights.~~¹⁰

3.3 — Third Party TWAs

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

⁸ This sentence was relocated from lower in the same paragraph so that all of the “underscheduling” is covered together in a single “thought.”

⁹ This sentence was deleted to be covered more comprehensively in Section 9.0 (i.e., proposed revised Section 9.0).

¹⁰ The rules in this paragraph are already covered in Section 4.0 (i.e., proposed revised Section 4.0).

termination.¹¹

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~~4.0 — Terms Applicable to Conversion to Grandfathered TCCs~~

~~4.1 — General~~

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

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~~Area where the power is injected and the Point of Delivery of the Load served by the ETA or at the NYCA Interconnection with another Control Area. If the ETA Customer fails to duly notify the ISO of its conversion to Grandfathered TCCs, the ISO and Transmission Owner will deem the ETA Customer to have elected Grandfathered Rights.~~

~~3.2 — Congestion Rents Collectible for Grandfathered TCCs~~

~~Each MWA or TFA Customer that chooses holder of Grandfathered TCCs, shall receive (or pay, when negative congestion occurs) the Day-Ahead Congestion Rent associated with its Grandfathered TCCs pursuant to Attachment N, andbut will be subject to ~~the service provisions of the ISO Tariff, including~~ the duty to pay for (i) Congestion Rent; and (ii) Marginal Losses for use of the transmission system in accordance with the provisions of the ISO OATT.¹²~~

4.0 OBLIGATION TO PAY CONTRACTUALLY AGREED RATES; RELIEF FROM TSC

~~4.12 — MWAs and TFA Customers to Continue to Pay Contractually Agreed Transmission Rates~~

~~Each MWA or TFA Customer shall continue to pay the Transmission Owner rates set forth in the MWA or TFA. ~~which shall be frozen at the contract rates that were in effect on the date this Tariff was originally filed at FERC (January 31, 1997), through the LBMP Transition Period or the termination date of the MWA or TFA, if earlier. After the LBMP Transition Period,~~ ~~Rates under each MWA or TFA shall be based on embedded cost, and these embedded cost~~~~

¹¹ The rules in this paragraph are already covered in Section 4.0 (i.e., proposed revised Section 4.0).

¹² This provision is relocated from sheet 508A of the existing Att. K.

rates may be updated, if allowed for in the terms and conditions of each MWA or TFA. The MWA or TFA ~~c~~Customer or its assignee shall pay the Transmission Owner directly ~~for the Grandfathered TCCs.~~

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4.32 Third Party TWA Customers to Continue to Pay Contractually Agreed Transmission Rates

Subject to Section ~~56.0, below,~~ each Third Party TWA ~~c~~Customer will pay the Transmission Owner transmission charges in accordance with the terms and conditions of the Third Party TWA, including any provisions governing modification or termination. The Third Party TWA customer or its assignee shall pay the Transmission Owner directly.

4.3 Transmission Service Charge Relief

Each MWA, TWA, or Third Party TWA ~~C~~customer, whether it elects Grandfathered TCCs or Grandfathered Rights pursuant to Section 2.5, shall have the right to inject Energy at the specified Point of ~~Receipt Injection~~ and withdraw it at the specified Point of ~~Delivery Withdrawal~~ in designated amounts without application of a TSC,¹³ provided that the MWA, TWA, or Third Party TWA customer identifies pursuant to ISO Procedures that a Grandfathered Right or Grandfathered TCC is associated with the Transaction.

5.0 RESPONSIBILITY FOR LOSSES

5.1 MWA and TFA Customers to Pay Losses

Each MWA or TFA customer, ~~that irrespective of whether it chooses~~ Grandfathered Rights or Grandfathered TCCs under Section 2.5, shall pay the ISO for losses, under this ~~Tariff~~ISO OATT. The Transmission Owner shall not charge for losses under the ~~ETA, MWA or TFA~~ to the extent the losses are provided under this ~~Tariff~~ISO OATT. To the extent losses on the Transmission Owner's system are not provided under this ~~Tariff~~ISO OATT, the Transmission Owner may charge for losses unless prohibited from doing so under the MWA or TFA. The MWA or TFA customer will pay or receive payment for losses between the Point of ~~Receipt Injection~~ and the Point of ~~Delivery Withdrawal~~ under the MWA or TFA listed in Attachment L, Table 1A, as calculated in accordance with this ~~Tariff~~ISO OATT.¹⁴

5.2 Third Party TWA Customers to Pay Losses

Each Third Party TWA ~~C~~customers, ~~that irrespective of whether it choose~~ Grandfathered Rights or Grandfathered TCCs under Section 2.5, shall pay the ISO for losses under the ~~ISO~~ TariffISO OATT. The Transmission Owner shall not charge for losses under the Third Party TWA to the extent the losses are provided under this ~~Tariff~~ISO OATT. To the

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¹³ This provision was relocated from the top of Sheet 506 of the existing Att. K.

¹⁴ This provision was relocated from the top of Sheet 510 of the existing Att. K.

extent losses on the Transmission Owner's system are not provided, the Transmission Owner may charge for losses, unless prohibited from doing so under the Third Party TWA. The Transmission Customer will pay or receive payment for losses between the Points of ~~Receipt Injection~~ and Points of ~~Delivery-Withdrawal~~ under the Third- Party TWA listed in Attachment L, Table 1A, as calculated in accordance with this ~~Tariff~~ISO OATT.¹⁵

56.0 RESPONSIBILITY FOR ANCILLARY SERVICES

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

7.0 RESPONSIBILITY FOR OTHER CHARGES

For the avoidance of doubt, irrespective of whether an ETA is a MWA, Third Party TWA, or TFA, or whether an ETA customer thereunder elected Grandfathered Rights or Grandfathered TCCs, Transmission Customers shall obtain Transmission Service subject to all of the rates, terms, and conditions of this Tariff except as explicitly noted in this Attachment.

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~~6.0 — LBMP Transition Period and Payment~~

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

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~~calculate the marginal loss component "L" of the TUC; (b) the Transmission Owner will be responsible to the ISO for each marginal losses charge "L"; (c) the Transmission Owner will~~

¹⁵ This provision was relocated from the top of Sheet 511 of the existing Att. K.

~~submit arrangements specified in each of its unmodified TWAs to the ISO including the amount of reimbursement “R” from the participant for the losses associated with each bilateral transaction; (d) the Transmission Owner will compute its losses revenue variances for each applicable unmodified TWA as its marginal losses charge “L” minus the amount of reimbursement “R” for the losses associated with the bilateral transaction; (e) the ISO will settle with each Transmission Owner for the sum total of its losses revenue variances; and (f) total losses revenue variances will reduce or increase the amount of the Residual Adjustment in Schedule 1 of this Tariff.~~

78.0 LBMP TRANSITION PERIOD AND PAYMENT¹⁶

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

A “LBMP Transition Period” shall be established under which the Investor-Owned Transmission Owners shall be subject to a schedule of fixed monthly transmission payments (“LBMP Transition Period Payments” or “LTPP”). These payments will occur for the period

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commencing with the start of the first Centralized TCC Auction and continuing for a period of five (5) years following implementation of both the Day-Ahead and Real-Time Markets. The formula for calculating the LTPP is shown below. The LTPP calculation is based upon the differences between each Investor-Owned Transmission Owner’s net transmission revenues and expenses under the current NYPP system and the proposed restructured NYPP system utilizing LBMP. The specific factors include: (1) the amount of transmission revenues/expenses eliminated through the termination of some TWAs including existing net Transmission Fund (“T-Fund”) distributions in effect under the current NYPP pricing mechanism; (2) estimated Congestion Rents to be paid under LBMP; (3) revenues received from the distribution of Net Congestion Rents and the sale of TCCs; and (4) transmission revenues received from off-system sales. The LTPP to be paid or received by the Investor-Owned Transmission Owners during the LBMP Transition Period are designed to offset the net effect of these revenues and expenses.

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

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

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

¹⁶ [This Section 8.0 \(LTPP\) will be revised/deleted as part of the TSC/NTAC review.](#)

- Where: **RTA** = Net reduction in revenue resulting from the termination of existing transmission wheeling agreements, effective upon LBMP implementation;
- CR** = Estimated Congestion Rents to be incurred under LBMP;
- SR₁** = Revenues from the Direct Sale of Original Residual TCCs and Grandfathered TCCs by Transmission Owners prior to the first Centralized TCC Auction, which are valued at the Market Clearing Prices from the first Centralized TCC Auction;
- SR₂** = Actual revenues from the allocation of TCC sales revenues from the first Centralized TCC Auction;¹⁷
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- CRR** = Estimated revenues received from the ownership of TCCs, based on the results from the first Centralized TCC Auction and Imputed Revenues from Grandfathered Rights; and
- ROS** = Transmission revenues received from off-system sales, as reported in FERC Form 1.

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

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

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

Sheet Nos. 519 through 520 are reserved for future use.

9.0 SALE OR OTHER TRANSFER OF GRANDFATHERED RIGHTS AND GRANDFATHERED TCCS

A. The holder of a Grandfathered Right may not transfer such Grandfathered Right (whether through sale or otherwise) to any party; *provided, however*, a Grandfathered Right shall not be deemed transferred to the extent that the underlying Existing Transmission Agreement is assigned, in whole or in part, pursuant to the terms of the ETA, and the related Grandfathered Right is assigned along with the ETA.

B. Grandfathered TCCs may be transferred (whether through sale or otherwise) in the same manner that other types of TCCs may be transferred pursuant to Attachment M; *provided, however*, if it sells Grandfathered TCCs, a holder of Grandfathered TCCs shall do so either through Direct Sales or through Centralized TCC Auctions or Reconfiguration Auctions, and no transfer may be made otherwise; and, *provided further*, a Grandfathered TCC shall not be deemed transferred to the extent that the underlying Existing Transmission Agreement is assigned, in whole or in part, pursuant to the terms of the ETA and the related Grandfathered TCC is assigned along with the ETA.

C. For the avoidance of doubt, to the extent a Grandfathered TCC is transferred, the relief from the Transmission Service Charge (as provided in Section 4.3) and the obligation to pay the transmission charges set forth in an ETA (as provided in Section 4.1 and Section 4.2) shall continue to benefit the ETA customer, and such rights and obligations shall not transfer with the transfer of the Grandfathered TCC.

D. A holder of a Grandfathered Right or Grandfathered TCC may appoint the party indicated in Attachment L, Table 1A, in the column labeled “Requestor” to hold the Grandfathered Right or Grandfathered TCC for the ultimate benefit of the ETA customer, and such parties shall be deemed to be the holder of the Grandfathered Right or Grandfathered TCC, and such appointment shall not be deemed a transfer.

PROPOSED REVISIONS TO THE OATT
THAT CORRESPOND TO REVISIONS TO
ATTACHMENT K OF THE OATT

[Revisions to definitions]

- 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, in existence at the time of ISO start-up and providing for transmission service by a Transmission Owner to another Transmission Owner or another entity. ETAs include Transmission Wheeling Agreements (including MWAs and Third Party TWAs) and Transmission Facility Agreements. Table 1A of Attachment L lists all ETAs.¹
- 1.11f Existing Transmission Capacity for Native Load (“ETCNL”):** 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 gGenerators orsing 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.”²
- 1.14b Grandfathered Rights:** The transmission rights associated with: (1) Modified Wheeling Agreements; (2) Transmission Facility Agreements with transmission wheeling provisions; and (3) Third Party Transmission Wheeling Agreements (“TWA”) where the party entitled to exercise the transmission rights associated with such Agreements has chosen, as provided in the Tariff, to retain those rights rather than to convert them to Grandfathered TCCs.³
- 1.18k Modified Wheeling Agreements (“MWA”):** A Transmission Wheeling Agreement between Transmission Owners that was in existence at the time of ISO start-up, as amended and modified as described in Section 2.1 of Attachment K, ~~between Transmission Owners, that is~~ Modified Wheeling Agreements are associated with existing Generators or power supply contracts existing at ISO start-up. All Modified Wheeling Agreements are listed in Attachment L, Table 1A, and are designated in the “Treatment” column of Table 1A, as “MWA.” ~~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.~~⁴
- 1.44a Third Party Transmission Wheeling Agreements (“Third Party TWAs”):** A Transmission Wheeling Agreement, as amended, between Transmission Owners or between a Transmission Owner and an entity that is not a Transmission Owner. Third

¹ This term will be revised in the Services Tariff to have the same definition.

² This term will be revised in the Services Tariff to have the same definition.

³ This term will be revised in the Services Tariff to have the same definition.

⁴ This term will be revised in the Services Tariff to have the same definition.

Party TWAs are 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. All Third Party TWAs~~These agreements~~ are listed in Attachment L, Table 1A, and are designated in the “Treatment” column of Table 1A, as “Third Party TWA.”~~and 1B.~~⁵

1.45b Transmission Facility Agreement (“TFA”): ~~The a~~Agreements listed in Attachment L, Table 2 of the ISO OATT governing the use of specific or designated transmission facilities charges to cover 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. All Transmission Facility Agreements that have provisions to provide Transmission Service are listed in Attachment L, Table 1A, and are designated in the “Treatment” column as “Facility Agmt. - MWA.”⁶

⁵ This term will be revised in the Services Tariff to have the same definition.

⁶ This term will be revised in the Services Tariff to have the same definition.

Transmission Owners will be required to either sell their Original Residual TCCs through a Direct Sale on the OASIS prior to each Centralized TCC Auction, or to sell them through each Centralized TCC Auction. Each Transmission Owner may retain its Grandfathered TCCs. ~~If it sells Grandfathered TCCs, a Transmission Owner shall do so either through Direct Sales or through Centralized TCC Auctions or Reconfiguration Auctions.~~

When selling TCCs, Transmission Owners are considered Primary Owners of those TCCs. Purchasers of TCCs, other than in a secondary market, are considered Primary Holders of those TCCs if they meet certain criterion outlined in Sections 7.0 and 9.4 of this Attachment M.

2.0 General Description of the Auction Process

Until the ISO develops the Auction software necessary to perform an End-State Auction, the ISO shall conduct Initial Auctions, in which TCCs will be available. The proportion of system transmission