

**INSTALLED
CAPACITY
MANUAL
PROPOSED
REVISIONS**

**BIC
AGENDA 07
JULY 27, 2005**

Example A: 10 MW of Load-shifts from LSE A to LSE B on June 5th. First, let this 10 MW of Load is equivalent to ~~44-11.5~~ MW of Unforced Capacity shifting based on a ~~minimum reserve-UCAP~~ requirement of ~~+1150%~~ of peak load. Additionally, assume that in the May Spot Market Auction, 10% excess capacity (110% of ~~RMUCAP~~ requirement) was procured for LSEs. LSE A then is credited for ~~9.16610.54210.083~~ (~~44-11.5~~ MW * ~~110~~110% * 25 days / 30) MWs (weighted average) of Unforced Capacity; LSE B is billed for ~~9.16610.08310.542~~ MWs of Unforced Capacity. A Market-Clearing Price for June Unforced Capacity in the May auction of \$3.00 per kW-month translates into \$3,000.00 per MW-month (\$3.00/kW-month * 1,000). Therefore, LSE A is credited ~~\$27,50030.25031.625~~ (\$3.00/kW-month * 1000 kW * ~~9.16610.08310.542~~ MWs); LSE B is billed ~~\$27,50030.25031.625~~ (\$3.00 /kW-month * 1000 kW * ~~9.16610.08310.542~~ MWs).

This initial financial reconciliation can also be used by the ISO to address those cases in which an LSE's Load obligation for the current month was set too high or too low causing the LSE to have purchased too much or too little Unforced Capacity for the entire month. In these cases, an LSE would be billed or credited for an entire month of Unforced Capacity.

Example B: Based on the best available data at the time, Transmission Owner A submits a report in early May indicating that LSE A will be serving 110 MW of Load on June 1; and that LSE B will be serving 90 MW of Load on June 1. However, due to the uncertainties of Retail Access, Data Submittal One for June indicates that LSE A actually served 100 MW on June 1, or 10 MW less than projected. Similarly, Data Submittal One for June indicated that LSE B actually served 100 MW on June 1, or 10 MW more than projected. Recall that ~~this~~ 10 MW of Load is equivalent to ~~12.12.65~~ MW (~~44-10.0~~ MW * 115% * ~~110~~110%) in Unforced Capacity. Using the market clearing price in the above example (\$3.00/kW-month), LSE A would be credited ~~\$36,3003.00037.950~~ (\$3.00/kW-month * 1000 kW * ~~12.12.65~~ MW * 30/~~30~~ days); LSE B would be billed the same ~~\$36,3.0037.9500~~.

Data Submittal Two

In the second data submittal, Transmission Owners will provide for a designated prior month (1) the actual Load obligation of each LSE for the first day of the designated month and (2) the daily shifts in Load obligations for each LSE documented to have actually occurred. For example, Transmission Owner A would submit in late August actual customer-switching data for May and the actual Load obligation for May 1. These "true-up" transactions would then be included in the September Unforced Capacity billing. See the applicable Capability Period on the Installed Capacity (ICAP) Market page of the NYISO website (www.nyiso.com/markets/icapinfo.html) for data submittal dates.

This data will be used to true-up the customer-switching adjustments that were made based on the initial customer-switching provided in Data Submittal One. Any credits or

where:

- GF_t = the growth factor applied to each Load in Transmission District t to determine the Minimum Installed Capacity Requirement for LSEs serving that Load, equal to $OIPL_t / \sum_c HPD_{c,t}$;
- FRC_{x,t} = set of full-requirement retail customers of LSE x in Transmission District t;
- HPD_{c,t} = demand by retail customer c in Transmission District t during the Peak Demand hour for Transmission District t of the last calendar year;
- PRC_{x,t} = set of retail partial-requirement customers of LSE x in Transmission District t;
- PRCA_{c,t} = the maximum contractual purchase in Transmission District t by a retail partial requirements customer c; and
- SRC_{x,t} = set of supplemental-requirements retail customers of LSE x in Transmission District t.

~~Prior to each Obligation Procurement Period month~~, LSEs must ~~submit completed Installed Capacity certification forms~~ certify to the ~~ISO~~ NYISO demonstrating the amount of Unforced Capacity they have obtained for the upcoming Obligation Procurement Period. The certification forms shall, ~~at a minimum~~, require LSEs to: (i) designate the total amount of Unforced Capacity they have procured; (ii) specify how much Unforced Capacity is associated with Installed Capacity Suppliers located in each ~~ISO~~ NYISO defined Locality, the remainder of the NYCA and each External Control Area; and (iii) identify any Installed Capacity Supplier from which they have procured Unforced Capacity pursuant to Bilateral Transactions. ~~The S~~ specific monthly dates by which all certifications are due are provided under the applicable Capability Period on the Installed Capacity (ICAP) Market page of the NYISO website can be found by selecting the link provided: (www.nyiso.com/markets/icapinfo.html).

~~In addition, the ISO~~ NYISO will make available to LSEs “Installed Capacity notification forms” LSEs at their discretion may provide certification data for the remaining Obligation Procurement Periods of the Capability Period. ~~The purpose of the Installed Capacity notification forms is to~~ This additional certification data will help the ~~ISO~~ NYISO in its Installed Capacity planning and reliability assessments. ~~The format of the Installed Capacity notification forms will be similar to the Installed Capacity certification forms. Submission of the Installed Capacity notification forms to the ISO~~ NYISO is voluntary.

To the extent an LSE certifies that it is procuring Unforced Capacity through a Bilateral Transaction for any Obligation Procurement Period, the Installed Capacity Supplier to that Bilateral Transaction must also confirm to the NYISO that it is obligated to supply UCAP to the LSE during the indicated Obligation Procurement Period. In the event an LSE-certified Bilateral Transaction is not confirmed by the associated Installed Capacity Supplier, the Bilateral Transaction remains unconfirmed at the close of certification and the UCAP associated with an unconfirmed Bilateral Transaction purchase will not be credited to the originally certifying LSE. If the LSE does not procure other UCAP to replace an unconfirmed Bilateral Transaction, the LSE may then be deemed deficient and entered into the Spot Market Auction for the associated Obligation Procurement Period.

3.5. Customer-Switching

3.5.1. General Requirements for Customer-Switching within a Capability Year

Establishing Preliminary and Final LSE Minimum Unforced Capacity Requirements

~~Specific Each-monthly deadlines for submitting customer-switching data (specific dates are can be found by selecting the link provided under the applicable Capability Period on the Installed Capacity (ICAP) Market page of the NYISO website:~~

~~(www.nyiso.com/markets/icapinfo.html);~~ Transmission Owners submit supporting data which reflects verified customer-switching that has occurred or is scheduled for the current month. ~~In addition to forecasts and data submitted to the ISO, the Transmission Owner must provide to the ISO NYISO the electronic version of the notification letters sent to the affected LSEs demonstrating that such LSEs have been provided data regarding the customer changes assigned to them.~~

Each Transmission Owner shall also submit ~~to the ISO NYISO~~ aggregate peak Load data ~~to the NYISO~~, coincident with the Transmission District peak, for all customers served by each LSE within its Transmission District, excluding those served by the municipal electric systems. ~~(see the applicable Capability Period on the Installed Capacity (ICAP) Market page of the NYISO website)~~ ~~(specific monthly deadlines for submitting aggregate peak Load data can be found by selecting the link provided: (www.nyiso.com/markets/icapinfo.html)).~~ This data shall reflect verified customer-switching and may be derived from direct meters or Load profiles of customers served. ~~This information shall also be submitted to each LSE affected by the customer-switching.~~

Based on documented customer-switching adjustments through the end of February, the ~~ISO NYISO~~ shall calculate a preliminary Minimum Unforced Capacity Requirement for each LSE. The ~~ISO NYISO~~ will provide each LSE with its preliminary Minimum Unforced

3.5.3. Load Lost due to Departing Customers

To account for Load lost when a customer leaves a Transmission District, the ~~ISO~~ [NYISO](#) will:

- Reduce the Minimum Unforced Capacity Requirement of the Load-losing LSE within the Transmission District.
- Relieve the LSE responsible for the Unforced Capacity obligation of the departing customer of that obligation. The LSE may sell any excess Unforced Capacity. In order for the Load-losing LSE to be relieved of this obligation, the Transmission Owner must notify the [ISO](#) [NYISO](#) of the customer's departure, by providing adequate supporting documentation that it has left New York State. (For example, either a countersigned letter between the Transmission Owner and the departing customer or documentation that the departing customer has requested service disconnection would meet this requirement.)
- Normalize the Minimum Unforced Capacity Requirements of all LSEs serving Load (including the Load-losing LSE) in the relevant Transmission District such that the total Minimum Unforced Capacity Requirement for the Transmission District remains constant.

Within two (2) business days, the ~~ISO~~ [NYISO](#) will notify the LSE that (a) it has either been relieved of the LSE Unforced Capacity Obligation of that departing customer for the balance of that month and for the remaining months in the Capability Year, or (b) the notification and supporting documentation is deemed inadequate, in which case the LSE must continue to carry the Unforced Capacity associated with the departing customer until such time as it has satisfied the ISO's documentation requirement. When informing an LSE that its documentation is inadequate, the ~~ISO~~ [NYISO](#) will provide guidance as to how the documentation could be made acceptable.

3.5.4. Financial Arrangements to Cover Customer Switching

If a customer switches LSEs or if LSE Load is normalized pursuant to Section 3.5.1 of this Manual, the following financial arrangements will be executed. Refer to Section 5 of this Manual for details concerning the Monthly Installed Capacity Auctions referred to below. Also, refer to Section 5.11.3 of the ~~ISO~~ [NYISO](#) Services Tariff and Attachment L of this Manual.

- The LSE that gains customers from another LSE ~~gaining (or Load obligations gaining)~~ LSE will financially cover the portion of the LSE Unforced Capacity Obligation associated with its new customers by

paying the ~~LSE that lost the~~ customers-losing LSE for each day that the customer-gaining LSE serves that new customer, until the first day of the month following the month in which ~~the NYISO provides~~ each LSE ~~was notified with by the ISO~~ NYISO of its new Minimum Unforced Capacity Requirement associated with the customer-switching (~~in the detailed timeline that can be found by selecting the link provided see the applicable Capability Period on the Installed Capacity (ICAP) Market page of the NYISO website:~~ ~~(www.nyiso.com/markets/icapinfo.html)~~ for the timing of such notification), at which time the Minimum Unforced Capacity Requirement of each LSE will reflect the switch. (This paragraph, and those following in this subsection, also apply to shifts in LSE Load obligations due to periodic normalizing. See Sections 3.5.2 and 3.5.3 above, and Attachment L to this Manual.)

- The ~~ISO~~ NYISO will use the monthly Installed Capacity billing cycle, in the same month in which the ~~ISO~~ NYISO notified each affected LSE, to bill the customer-gaining LSE, for the period referred to directly above.
- The rate that will be used to calculate this financial exchange for each month in which the obligation to procure Installed Capacity shifts, as described above, will be the monthly clearing price established for that month in the most recent, previous ICAP Spot Market Auction, prorated on a daily basis. (See Attachment L of this Manual for information in connection with the financial reconciliation process.)
- If the customer-losing LSE received a rebate associated with the lost customer (see Section 5.12 and Attachment L of this Manual for information concerning rebates), a proportionate share of the rebate will reduce the amount paid by the customer-gaining LSE.
- For example, if a Transmission Owner is notified prior to the end of June of a customer switch in its Transmission District that will occur on July 20th, it will report this occurrence in early July to the ~~ISO~~ NYISO and affected LSEs. Shortly thereafter, the ~~ISO~~ NYISO will recalculate the Minimum Unforced Capacity Requirement of the affected LSEs and ~~notify provide~~ them prior to the Monthly Auction occurring in mid-July. Each affected LSE will be responsible for its new Minimum Unforced Capacity Requirement starting August 1st. In the meantime, in order to reflect the gain and loss of customers of each affected LSE during the month of July (in this instance, from July 20th through July 31st), in Unforced Capacity terms, the customer-gaining LSE will be required to cover the cost of the portion

4. Installed Capacity Requirements Applicable to Installed Capacity Suppliers

4.1. Overview

Resources must follow certain procedures and provide pertinent information to the ~~ISO~~ [NYISO](#) in order to qualify as Installed Capacity Suppliers. The requirements necessary to qualify as an Installed Capacity Supplier can be found in Sections 4.2 and 4.3 below, and include Demonstrated Maximum Net Capability (DMNC) testing and maintenance schedule reporting.

After completing the procedures listed above, Resources that have qualified as Installed Capacity Suppliers must fulfill certain requirements provided by the ~~ISO~~ [NYISO](#) in order to retain all of the privileges to which an Installed Capacity Supplier is entitled. These requirements are provided in detail in Sections 4.4 through 4.8 below. The requirements include reporting Operating Data; planned maintenance and forced outage notification requirements; the ~~filing of monthly~~ Installed Capacity certification ~~forms~~[requirements](#); and bidding, scheduling, and notification responsibilities.

Certain Installed Capacity Suppliers must fulfill alternative or additional requirements provided by the ~~ISO~~ [NYISO](#) in addition to or in place of the requirements found in Sections 4.2 through 4.8. These alternative or additional requirements can be found in Sections 4.9 through 4.13. Each of these sections addresses a different individual Resource.

Installed Capacity Suppliers that fail to fulfill the requirements detailed in Sections 4.4 through 4.13 are subject to sanctions, as provided in Section 5.12.12 of the ~~ISO~~ [NYISO](#) Services Tariff. Details regarding these sanctions may be found in Section 6.1 of this Manual.

Resources may be physically located in the NYCA, or in an External Control Area that meets the recall and Curtailment requirements and the locational limitations specified in Section 2.7 of this Manual.

4.2. DMNC Test Procedures (Section 5.12.8 ~~ISO~~ [NYISO](#) Services Tariff)

~~Potential~~ Installed Capacity Suppliers must perform DMNC tests in accordance with the procedures described below (unless exempt in accordance with the provisions of Section 4.4.3 of this Manual), and provide the ~~ISO~~ [NYISO](#) with the required documentation of those tests. Alternatively, ~~potential~~ Installed Capacity Suppliers, with the exception of new Resources, may use historical production data for the immediately preceding like Capability Period, no more than 12 months old, in lieu of DMNC test data. A DMNC test result or historical production data constitute a valid DMNC value for purpose of establishing a Resource's Installed Capacity value.

Data must be submitted in an acceptable format or it will be rejected. The 30-day verification clock starts with a determination that the data has been deemed complete. Until the Unforced Capacity automation system goes live, the Installed Capacity Supplier will be notified if its submission has been deemed complete within five (5) business days of that submission. After automation system goes live, submissions that are deemed to be complete will be so indicated in the automation application within five (5) business days of original submissions. Within five (5) business days of an incomplete submission, the Market Monitoring Unit will contact the submitting Installed Capacity Supplier.

Upon determination that the information that has been provided is complete, the ~~ISO~~ NYISO will verify the DMNC value for Installed Capacity Suppliers within 30 days of submission, if such submission has been deemed complete at least 45 days prior to the data submission deadline as noted below. Submissions deemed complete less than 45 days before the DMNC submission deadline will be processed within 45 days of such submission.

If the NYISO accepts the Installed Capacity Supplier's submission, the submitted DMNC value will be valid for the subsequent like Capability Period, and at the request of the Installed Capacity Supplier, will serve as the valid DMNC value for the balance of the current Capability Period. **Language regarding data verification follow-up to be presented to Market Participants in August, for this insert only, for a vote at BIC on August 24th**

If the NYISO disagrees with the submitted DMNC value, the Installed Capacity Supplier may:

- a) re-test if there is time within the current DMNC Test Period, or
- b) accept the ~~ISO~~ NYISO determined DMNC value and resubmit it, or
- c) request an audit.

If the Installed Capacity Supplier requests an audit, the ~~ISO~~ NYISO will work with the Installed Capacity Supplier to schedule the audit. If the audit results reveal that the Installed Capacity Supplier DMNC value is correct, the DMNC value submitted by the Installed Capacity Supplier will remain in place. If the audit reveals that the ~~ISO~~ NYISO value is correct, the ~~ISO~~ NYISO will replace the Installed Capacity Supplier's DMNC value with the DMNC value established through the audit and the Installed Capacity Supplier will be subject to penalties, if applicable.

~~The completeness, accuracy, and validity of the DMNC test data or historical production data sent to the NYISO is the responsibility of the Resource making such data submission.~~

An Installed Capacity Supplier offering to supply Unforced Capacity as a System Resource must submit DMNC test data, or historical production data, for each Generator that it seeks to aggregate. ~~Interruptible Load Resources must provide evidence of a one (1) hour disconnection period less than one (1) year old.~~

~~Beginning with the Winter 2000-2001 Capability Period, Final~~ DMNC Test results (~~see Attachment D~~) must be transmitted to the [ISO NYISO](#) no later than sixty (60) days following the end of the test period.

4.2.1. DMNC Test Periods

The DMNC Test Period for the Summer Capability Period is June 1st through September 15th and for the Winter Capability Period is November 1st through April 15th.

New Resources may qualify as Installed Capacity Suppliers at any time during a Capability Year based on the results of an appropriate demonstration test, production data, or Special Case Resource commitment. New generating Resources must temperature-adjust the results of the appropriate demonstration test or production data, using the procedures noted in Attachment D to this Manual.

To qualify as Installed Capacity Suppliers in any Installed Capacity auction administered by the ISO, new Resources shall submit to the [ISO NYISO](#) the results of an appropriate demonstration test, production data or Special Case Resource commitment prescribed by this Manual by 5:00 PM at least two (2) calendar days before the administration of the relevant auction provided, however, that Resources shall submit such results by 5:00 PM on the Friday immediately preceding an auction when such auction is scheduled on a Monday. For example, if the [ISO NYISO](#) administers the auction on a Thursday, new Resources shall submit appropriate demonstration test, production data, or Special Case Resource commitment by 5:00 PM on the Tuesday preceding the auction. If the [ISO NYISO](#) administers an auction on Monday, new Resources shall submit such results by 5:00 PM on the Friday preceding the auction.

In addition to the submission of the results of an appropriate demonstration test or production data required by the previous paragraph, new generating Resources that want to participate in ISO-administered auctions shall submit to the [ISO NYISO](#) a notification letter if they do not already have, and will require, a point ID to participate in the [ISO NYISO](#) market. The notification letter shall state the intention of the Resource to seek qualification as an Installed Capacity Supplier, and include the Resource's name, location, and other information as the [ISO NYISO](#) may reasonably request. This letter does not oblige a Resource to qualify as an ICAP Supplier; it allows the [ISO NYISO](#) to prepare and be able to accommodate a Resource should that Resource request qualification and submit appropriate demonstration test or production data shortly before an auction. A Resource shall submit the notification letter to the [ISO NYISO](#) by the first business day of the month in which it wishes to qualify as an Installed Capacity Supplier.

To qualify Installed Capacity for a Bilateral Transaction or for a self-supplying LSE, new Resources shall submit to the [ISO NYISO](#) the results of an appropriate demonstration test, production data or Special Case Resource commitment prescribed by this Manual by 5:00

PM at least two (2) calendar days before the day LSEs must certify that they have procured sufficient Installed Capacity for the following Obligation Procurement Period (in this paragraph, the “Certification Day”) provided, however, that Resources shall submit the results of an appropriate demonstration test, production data or Special Case Resource commitment prescribed by this Manual by 5:00 PM on the Friday immediately preceding the Certification Day when such Certification Day is a Monday. For example, if the Certification Day is a Thursday, new Resources shall submit appropriate demonstration test, production data or Special Case Resource commitment results by 5:00 PM on the Tuesday preceding the Certification Day. If the Certification Day is a Monday, new Resources shall submit such results by 5:00 PM on the Friday preceding the Certification Day.

Existing Resources that have increased Capacity due to changes in their generating equipment may demonstrate the DMNC of the incremental Capacity for and within a Capability Period by following the procedures described above for new Generators.

~~The ISO NYISO shall inform each potential Installed Capacity Supplier that is required to submit DMNC data of ISO documented DMNC ratings for the Summer Capability Period in February, and for the Winter Capability Period in August (See the applicable Capability Period on the Installed Capacity (ICAP) Market page of the NYISO website: (www.nyiso.com/markets/icapinfo.html)). The NYISO’s Market Monitoring Unit will verify the DMNC test data submitted by Suppliers against ISO NYISO billing information and will notify the Supplier that the DMNC value as calculated from the test data is valid.~~

4.2.2. Resource Specific Test Conditions

The Resources listed below must meet the applicable DMNC test conditions specified below ~~and in Attachment D~~ in order to be qualified as Installed Capacity Suppliers. Resources must also report DMNC test results to the ~~NYISO, using the appropriate form in Attachment D.~~

Fossil Fuel and Nuclear Stations

Valid DMNCs for fossil fuel or nuclear steam units are determined by the following:

- (a) The unit’s sustained maximum net output averaged over a four (4) consecutive hour period
- (b) For common-header turbine-generators, the DMNC is determined on a group basis. Each such turbine-generator is assigned a rating by distributing the combined Capacity among them.
- (c) The sum of the DMNC of individual turbine-generators in a generating station cannot be greater than the DMNC of the whole station.

Valid DMNCs for hydro units are determined by the following:

charged with a forced outage from the time that the transmission outage ended until the time it resumes operations (the “post transmission outage period”); provided however, that if the unit had been scheduled to take a maintenance outage during the post transmission outage period, the unit shall be charged with a Forced Outage, as defined in Attachment J, until the scheduled start date of its maintenance outage, at which time it will be charged with a maintenance outage until the end of its scheduled maintenance period.

4.7. Monthly Installed Capacity Supplier Certification Forms

Each Installed Capacity Supplier must ~~submit the appropriate ISO certify certification form its Unforced Capacity~~ to the ~~ISO~~ [NYISO](http://www.nyiso.com) no later than the deadline for monthly certification as provided ~~in the detailed timeline that can be found by selecting the link provided by the applicable Capability Period on the Installed Capacity (ICAP) Market page of the NYISO website:~~ (www.nyiso.com/markets/icapinfo.html), demonstrating that the Unforced Capacity it is supplying is not already committed to meet the Minimum Installed Capacity Requirement of an External Control Area.

In addition, each Installed Capacity Supplier that has been de-rated (i.e., has had an amount of Unforced Capacity it is authorized to supply in the NYCA reduced by the ~~ISO~~ [NYISO](http://www.nyiso.com) in accordance with section 4.5 of this Manual) shall demonstrate in its monthly certification that it has procured sufficient additional Unforced Capacity to cover any shortage, due to such de-rating, of Unforced Capacity it has previously committed to supply in the following month or go into the ICAP Spot Market Auction.

In the case where an Installed Capacity Supplier has sold UCAP and subsequently sells those UCAP assets on a date prior to the expiration of the UCAP sale, the responsibility for certifying the sold UCAP remains with the Installed Capacity Supplier that initially sold the UCAP. It is the responsibility of the selling Installed Capacity Supplier to either (1) arrange a bilateral agreement with the new owner of the generating capacity assets to cover this requirement or (2) purchase the requirement through another bilateral transaction or through the NYISO-administered auctions.

If a bilateral transaction is certified by an Installed Capacity Supplier, but is not confirmed by the second party to the transaction, the bilateral transaction submitted by the Installed Capacity Supplier remains unconfirmed at the close of the certification period. The UCAP associated with the unconfirmed bilateral transaction sale remains with the Installed Capacity Supplier that submitted the bilateral transaction for certification.

- For Summer Capability Period: on the first business day following the publication of the total number of import rights made available by the NYISO (on or about February 15)
- For Winter Capability Period: on the first business day not more than thirty (30) days prior to a Capability Period (strip) Auction, and
- Ending at 5:00 PM ET three (3) business days prior to a Capability Period Strip Auction.

On or about February 15 the ~~ISO~~ [NYISO](#) shall post the final quantity of Import Rights available for request for the following Capability Year. The quantity of rights that will be available at that time prior to the Summer and the Winter Capability Period (strip) Auctions shall be 100 % of the Import Rights available, as posted by the ~~ISO~~ [NYISO](#).

If Import Rights are not fully subscribed after the Capability Period (strip) Auction has concluded, the ~~ISO~~ [NYISO](#) will open another period of first-come, first-serve allocations prior to each Monthly Auction for the month or months in which Import Rights remain and the ~~ISO~~ [NYISO](#) will post the available Import Rights after each subsequent auction.

For each month within a Capability Period, requests for Import Rights may be sent to the ~~ISO~~ [NYISO](#) during the following time period:

- Beginning at 8:00 AM ET on the business day following the day the ~~ISO~~ [NYISO](#) posts the results of each Capability Period (Strip) or Monthly Auction.
- Ending at 5:00 PM ET three (3) business days prior to the next Monthly Auction.

Contents of Request

Each request must contain the following information:

~~1. — Documentation of a bilateral agreement, with pricing redacted, between a qualified External Installed Capacity Supplier or a marketer with a contract with a qualified External Installed Capacity Supplier and~~

~~(a) — an LSE within the NYCA or~~

~~(b) — a marketer that is not an affiliate of the External Installed Capacity Supplier;~~

~~1.~~ 2.—The identity of the ~~ISO~~ [NYISO](#) Customer making the request;

~~2.~~ 3.—The identity of the External Installed Capacity Supplier;

~~3.~~ 4.—The name and location of the Resource;

- ~~4.~~ ~~5.~~—The Control Area in which the Resource for which the Installed Capacity Supplier seeks rights is located;
- ~~5.~~ ~~6.~~—The MW amount requested to support the Unforced Capacity sale to the NYCA from the Resource designated in (4) above;
- ~~6.~~ ~~7.~~—The time period, in blocks of whole months, for which the rights are requested;
- ~~7.~~ ~~8.~~—E-mail address of the requesting party to which a response will be made.

The information listed above must be provided as a “Request for External Installed Capacity Import Rights” to the ISO’s Manager of ~~Resource Reliability~~Auxiliary Market Operations via facsimile to the following number: 518-356-6208.

~~Within twenty-four (24) hours of requesting Import Rights~~In addition, the requestor must submit documentation of the bilateral agreements for which External Capacity Import Rights are being requested, with pricing redacted, between a qualified External Installed Capacity Supplier or a marketer with a contract with a qualified External Installed Capacity Supplier and:

- (a) an LSE within the NYCA; or,
- (b) a marketer that is not an affiliate of the External Installed Capacity Supplier.

The supporting documentation of a bilateral agreements must be received by 5:00 PM ET of the business day following the day in which Import Rights requests are submitted to the NYISO. Late submissions of supporting documentation will result in the automatic rejection of the underlying Import Rights request.

Response from the ISO

The ~~ISO~~ NYISO shall respond to requests for External Installed Capacity Import Rights in a timely fashion. Upon the timely receipt of supporting documentation of a bilateral transaction, as described above, provided~~For requests made during business hours before noon ET, the ISO~~ NYISO will respond by noon ET the next business day. Upon receipt of supporting documentation of a bilateral transaction provided~~For requests made during business hours from noon ET to 5:00 PM ET, the ISO~~ NYISO will respond by 5:00 PM ET of the next business day.

If the ~~ISO~~ NYISO determines that the information provided in the request is incomplete or inadequate, the ~~ISO~~ NYISO will immediately notify the requesting party. The requesting party may resubmit its information to the ~~ISO~~ NYISO no later than 24 hours after the expiration of the time period for initial requests.

Only complete requests submitted within the time periods specified above will be evaluated by the ~~ISO~~ NYISO. The date and time stamp provided by the FAX machine will determine

the priority for the evaluation of requests. If a request is resubmitted for any reason, the latest time stamp will determine its priority.

The ~~ISO~~ NYISO will notify the requesting party if its request has been accepted or rejected, with reasons for rejection, if such be the case, within the time period specified above, following receipt of a complete request. If accepted, the ~~ISO~~ NYISO will provide a confirmation number. A rejection may be based on ~~either or both~~ any of the following:

- Incomplete or inadequate information;
- Fully subscribed External Installed Capacity rights; or,
- Late submission of supporting documentation of bilateral agreements.

If a request is rejected, the allocation of ICAP Import Rights proceeds as if that request had never been submitted.

Tally of Import Rights

The NYISO will maintain a tally of the available Import Rights for each month within a Capability Year and will post these figures on the NYISO [website web site](http://www.nyiso.com/markets/icapinfo.html) (www.nyiso.com/markets/icapinfo.html).

Obligations of Recipients of Import Rights

If at any time, the ~~ISO~~ NYISO has allocated all of the Import Rights that are available to permit the import of Installed Capacity from one or more control areas for one or more months, the ~~ISO~~ NYISO will promptly issue an announcement to all Market Participants, alerting them to this fact. Recipients of these Import Rights will have until 12:00 PM ET two business days following the issuance by the ~~ISO~~ NYISO of this announcement or until 5:00 PM ET on the last business day that precedes the beginning of the Capability Period (strip) auction by at least 15 days, if that is later, either to decide to keep these Import Rights, or to return these Import Rights to the ~~ISO~~ NYISO. The ~~ISO~~ NYISO may exhaust its supply of Import Rights for different Control Areas and different months at different times, so this deadline may differ from Control Area to Control Area within a month, and it may vary from month to month for a given Control Area.

Entities that had requested those Import Rights of the ISO, but which elect to return them to the ~~ISO~~ NYISO prior to this deadline, will be under no further obligation associated with those Import Rights. Likewise, if the ~~ISO~~ NYISO never makes such an announcement pertaining to Import Rights to import Installed Capacity from a given Control Area for a given month (because the ~~ISO~~ NYISO never allocated all of the Import Rights that were available to permit the import of Installed Capacity from those Control Areas in those months), then the recipients of those Import Rights will be under no obligation to use those Import Rights to support the import of Installed Capacity to a New York LSE, nor will they

5.13. Required Information in Bids to Buy

In the Capability Period and Monthly Auction, each Bidder may submit multiple Bids. Each bid to purchase Unforced Capacity submitted by a Bidder must include ~~but is not limited to~~ the following information:

1. The total amount of Unforced Capacity it wishes to purchase in association with that Bid, in increments of 100 kW;
2. The maximum price the Bidder is willing to pay for the Unforced Capacity it is offering to purchase in its Bid, in \$/kW ~~for the time period appropriate to the auction per month~~;
3. The auction to which the Bid applies;
4. Whether the Unforced Capacity must be associated with Installed Capacity Suppliers located in a specific Locality, and if so, which Locality; and
5. Whether the Installed Capacity Suppliers associated with the Unforced Capacity can be located in a Control Area outside the NYCA, ~~and if so, which Control Area(s). or outside any specific Locality within the NYCA.~~

In the ICAP Spot Market Auction, the ~~ISO~~ NYISO will enter Bids on behalf of all LSEs. Prior to the ICAP Spot Market Auction, LSEs will certify the amount of Unforced Capacity that they ~~have or~~ have obtained for the upcoming Obligation Procurement Period. After LSE certification, the ~~ISO~~ NYISO will enter Bids into the ICAP Spot Market Auction in accordance with the applicable Demand Curve for each Locality and the NYCA. In order to participate in the Installed Capacity market, each LSE must sign the ~~ISO~~ NYISO Unforced Capacity Purchase Agreement that is found in Attachment F to this Manual.

5.14. Required Information in Offers to Sell

In the Capability Period Auction, the Monthly Auction, and the ICAP Spot Market Auction, each Offeror may submit multiple offers. Each offer to sell Unforced Capacity submitted by an Offeror must include ~~(except where noted) but is not limited to~~ the following information:

1. The amount of Unforced Capacity it offers to sell in increments of 100 kW;
2. The minimum price it is willing to accept for the Unforced Capacity it is offering to sell in its offer, in \$/kW ~~for the time period appropriate to the auction per month~~;
3. The auction to which the offer applies;
4. The name (PTID) of the Installed Capacity Supplier providing the Unforced Capacity offered for sale ~~(this provision is not a requirement of Offers submitted for the Capability Period and Monthly auctions by Installed Capacity Suppliers offering Unforced Capacity from Generators located within the NYCA);~~
5. ~~Documentation of that Installed Capacity Supplier's DMNC (described above);~~

6.5. Whether that Installed Capacity Supplier is located in a Locality, and if so, which Locality; and

7.6. Whether that Installed Capacity Supplier is located in a Control Area outside the NYCA, and if so, which Control Area.

5.15. Selection of Bids and Offers; Determination of Market-Clearing Prices

5.15.1. Capability Period and Monthly Auctions

In the Capability Period and Monthly Auctions, the ~~ISO~~ [NYISO](#) will determine which Bids to purchase and which offers to sell Unforced Capacity are selected by maximizing the sum of the Bids submitted by winning bidders minus the offers submitted by winning offerors subject to the following constraints: (1) the amount of Unforced Capacity in each Locality for which offers were accepted must be sufficient to satisfy all accepted Bids that specified that Unforced Capacity must be located in that Locality. (Unforced Capacity combined with UDRs will be treated as Unforced Capacity in the relevant Locality.); (2) the amount of Unforced Capacity in each Control Area outside the NYCA for which offers were accepted cannot exceed the limitation placed on the Unforced Capacity that can be procured from quantity of accepted Bids that specified that Unforced Capacity could be located in that Control Area; and (3) the amount of Unforced Capacity associated with In-City generation that is subject to capacity market mitigation measures for which offers were accepted shall not exceed the amount of Unforced Capacity accepted from Bids which specify that such Unforced Capacity must be located in the New York City Locality.

All, part, or none of a Bid to purchase or an offer to sell Unforced Capacity may be selected in any Capability Period or Monthly Auction. As a result, if a Bidder offers in a Bid to purchase a given amount of Unforced Capacity at a given price, it may be awarded that amount of Unforced Capacity, or it may be awarded any amount lower than the amount it offered to purchase (including zero MWs).

Neither Bidders nor Offerors will be permitted to submit Bids or offers, which specify that either all or none of a Bid or offer can be selected. Bids to purchase or offers to sell Unforced Capacity in a given Capability Period or Monthly Auction cannot be made contingent on the outcome of another auction; e.g., an Offeror will not be permitted to offer Unforced Capacity within one month's auction contingent upon its sale of Unforced Capacity in another month's auction.

In cases in which multiple Bidders Bid to pay the same price for Unforced Capacity in a given location (or group of locations, if there is no price difference between those locations) in the same Capability Period or Monthly Auction, and some but not all of those Bids can be selected, the amount of Unforced Capacity awarded to each of those Bidders in association

either the Capability Period or Monthly Auction, as applicable, but it will be the marginal bid cost of providing Unforced Capacity located in a given area.

First, the locational constraints will be divided into two groups. A Locality constraint is binding if the ~~ISO~~ NYISO selects offers of Unforced Capacity located in a certain Locality while not selecting lower-priced offers of Unforced Capacity from outside that Locality. The ~~ISO~~ NYISO will only do this in order to avoid violating locational constraints specified by Bidders that state that a Bid is only valid for Unforced Capacity located in a given Locality. A Locality constraint will also be binding for the New York City Locality if the ~~ISO~~ NYISO does not select lower-priced offers of Unforced Capacity from the New York City Locality, but instead selects higher-priced offers of Unforced Capacity in the New York City Locality or elsewhere. The ~~ISO~~ NYISO will only select such higher-priced offers in order to avoid violating the limitation on sales of In-City generation that is subject to capacity market mitigation measures.

An External Control Area constraint is binding if the ~~ISO~~ NYISO does not select offers of Unforced Capacity located in a particular External Control Area (or group of Areas), while selecting offers with higher offer prices from Installed Capacity Suppliers located in the NYCA or in other External Control Areas or to avoid violating the limits on the total amount of Unforced Capacity that can be ~~purchased insold from~~ a given External Control Area (or group of Areas), pursuant to Section 4.9.3 of this Manual. ~~Again, the ISO NYISO will only do this in order to avoid violating locational constraints specified by Bidders that state that a Bid is only valid for Unforced Capacity that is not located in a given External Control Area (or group of Areas).~~

Then:

- If a Locality constraint is binding in a Capability Period or Monthly Auction, the Market-Clearing Price of Unforced Capacity located in that Locality will be the marginal bid cost of providing additional Unforced Capacity in that Locality in that auction.
- If an External Control Area constraint is binding for a particular Control Area (or group of Areas) in a Capability Period or Monthly Auction (or group of Areas), then the Market-Clearing Price of Unforced Capacity located in that External Control Area (or group of Areas) will be the marginal bid cost of providing additional Unforced Capacity in that particular External Control Area (or group of Areas).
- The Market-Clearing Price in an auction for Unforced Capacity located ~~anywhere else in Rest of State~~ (which includes (1) Unforced Capacity located in the NYCA, but not in any other Locality; (2) Unforced Capacity located in a Locality, if that Locality constraint is not binding; and (3) Unforced Capacity located in an External Control Area, if no External Control Area constraint affecting that External Control

Area (or group of Areas) is binding) will be the marginal bid cost of providing additional Unforced Capacity located anywhere other than a Locality for which a Locality constraint is binding or an External Control Area (or group of Areas) for which an External Control Area constraint is binding.

The set of prices that results will ensure that when a Long Island Locality constraint is binding, the Market-Clearing Price for Unforced Capacity located in that Locality will be higher than the Market-Clearing Price for Unforced Capacity located in the portion of the NYCA that is not part of another Locality. It also ensures that when an External Control Area constraint is binding, the Market-Clearing Price for Unforced Capacity located in that External Control Area (or group of Areas) will be lower than the Market-Clearing Price for Unforced Capacity located in the portion of the NYCA that is not part of another Locality.

The ~~ISO~~ NYISO will identify Bids that are accepted as follows:

1. Bids for Unforced Capacity that must be located in a Locality that were above the Market-Clearing Price for that Locality will be accepted in their entirety. Bids equal to the Market-Clearing Price will be accepted on a pro rata basis.
2. Bids for Unforced Capacity that could be located anywhere in the NYCA that were above the Market-Clearing Price for Rest of State will be accepted in their entirety. Bids equal to the Market-Clearing Price will be accepted on a pro rata basis.
3. Bids for Unforced Capacity that could be located anywhere in the NYCA or in one or more External Control Areas that were above the ~~lowest~~ Market-Clearing Price for Rest of State among those External Control Areas in which they were willing to purchase Capacity will be accepted in their entirety. Bids equal to the Market-Clearing Price will be accepted on a pro rata basis.

The ~~ISO~~ NYISO will identify offers that are accepted as follows:

1. Offers for Unforced Capacity in a Locality that were below the Market- Clearing Price for that Locality will be accepted in their entirety. Offers equal to the Market-Clearing Price will be accepted on a pro rata basis.
 - (a) An exception applies to Unforced Capacity associated with In-City generation that is not subject to capacity market mitigation measures. Offers for such Unforced Capacity shall be accepted if they are below either the Market-Clearing Price for the New York City Locality or the Market-Clearing Price for Rest of State, whichever is higher. Offers equal to the greater of the Market- Clearing Price for the New York City Locality or the Market- Clearing Price for Rest of State shall be accepted on a pro rata basis.
2. Offers for Unforced Capacity in Rest of State that were below the Market- Clearing Price for Rest of State will be accepted in their entirety. Offers equal to the Market-Clearing Price will be accepted on a pro rata basis.

shall be set to the price at which one could have obtained an incremental amount of Capacity from anywhere outside the NYCA unless there were offers below such Market-Clearing Price from Installed Capacity Suppliers in a given External Control Area that were not accepted. In that case, the Market-Clearing Price for that External Control Area would be set to the price at which one could have obtained an incremental amount of Capacity in that External Control Area.

5.16. Billing and Settlements

Subject to the exceptions noted elsewhere regarding New York City generation, the ~~ISO~~ NYISO will pay each Offeror whose offer to sell Unforced Capacity is selected in an auction the Market-Clearing Price determined in that auction at the location of each of its Resources that have been selected to provide Unforced Capacity, for each 100 kW of Unforced Capacity that Resource has been selected to supply. Each Bidder for Unforced Capacity whose Bid to purchase is selected in an auction will pay the ~~ISO~~ NYISO the Market-Clearing Price at the location specified in the Bid(s) that have been selected, for each 100 kW of Unforced Capacity that it purchased.

~~For the Capability Period and Monthly all Installed Capacity Auctions, entities purchasing Unforced Capacity will pay:~~

~~1. The Market-Clearing Price for the Locality times the number of MW of Bids they submitted that were accepted that specified that Capacity must be located in that Locality.~~

~~3. The capacity-weighted Market-Clearing Price for Rest of State times the number of MW of Bids they submitted that were accepted that specified the that Capacity could be located in an External Control Area or outside any specific Locality within the NYCA where the capacity-weighted Market-Clearing Price will be calculated as:~~

$$CWP = [R * RP + \sum_{i=1}^n (E_i * EP_i)] / (R + \sum E_i)$$

~~where:~~

~~CP = the capacity weighted average Market-Clearing Price,~~

~~R = the Unforced Capacity sold in Rest of State,~~

~~RP = the Market-Clearing Price for Rest of State Unforced Capacity,~~

~~E_i — the Unforced Capacity sold in External Control Area i .~~

~~EP_i — the Market-Clearing Price of External Control Area i Unforced Capacity. The capacity-weighted Market-Clearing price for all capacity purchased to satisfy accepted Bids that did not state that capacity used to meet those bids must be provided from Resources in a Locality. That price shall be determined for each Auction as follows:~~

$$CP_a = \frac{ROSP_a \cdot \left(NYCASale_a - \sum_{l \in L} LocPurch_{l,a} \right) + \sum_{e \in E} (ECAP_{e,a} \cdot ECASale_{e,a})}{\left(NYCASale_a - \sum_{l \in L} LocPurch_{l,a} \right) + \sum_{e \in E} ECASale_{e,a}}$$

where:

~~CP_a is the capacity-weighted average Market-Clearing price charged to purchasers of capacity in Auction a as described above;~~

~~$ROSP_a$ is the Market-Clearing price in Auction a for Unforced Capacity provided by Resources in Rest of State;~~

~~$NYCASale_a$ is the amount of Unforced Capacity sold in Auction a from Resources within the NYCA, including -Localities;~~

~~$LocPurch_{l,a}$ is the amount of Unforced Capacity purchased in Auction a by auction participants stating that the capacity purchased in association with their bid must be located in Locality l ;~~

~~L is the set of Localities in the NYCA;~~

~~$ECAP_{e,a}$ is the Market-Clearing price in Auction a for Unforced Capacity provided by Resources in external Control Area e ;~~

~~$ECASale_{e,a}$ is the amount of Unforced Capacity sold in Auction a from Resources in external Control Area e ; and~~

~~E is the set of external Control Areas.~~

~~anywhere in the NYCA.~~

~~1. The Market-Clearing Price for an External Control Area times the number of MW of Bids they submitted that were accepted that specified that Capacity could be located anywhere in the NYCA or in that External Control Area. (In cases where the Bid specified that the Capacity could be located in multiple External~~

~~Control Areas, the lowest Market-Clearing Price for one of those External Control Areas will be used.)~~

For all Installed Capacity auctions, entities selling Unforced Capacity will be paid:

1. The Market-Clearing Price for the Locality times the number of MW of offers they submitted that were accepted for Capacity in that Locality. (Capacity combined with UDRs will be treated as Capacity in the relevant Locality.)
 - (a) If the Market-Clearing Price exceeds the monthly mitigated price cap, owners of In-City generation that is subject to capacity market mitigation measures shall receive no greater than the applicable price cap as posted under the applicable Capability Period on the Installed Capacity (ICAP) Market page of the NYISO ~~website~~ [web site: \(www.nyiso.com/markets/icapinfo.html\)](http://www.nyiso.com/markets/icapinfo.html).
 - (b) In the Capability Period and Monthly Auctions, Owners of In-City generation that is not subject to capacity market mitigation measures shall receive the higher of the Market-Clearing Price for New York City or the Market-Clearing Price for Rest of State.
2. The Market-Clearing Price for Rest of State times the number of MW of offers they submitted that were accepted for Capacity in Rest of State.
3. The Market-Clearing Price for an External Control Area times the number of MW of offers they submitted that were accepted for Capacity in that External Control Area.

In the ICAP Spot Market Auction, the ~~ISO~~ [NYISO](http://www.nyiso.com) will pay entities purchasing Unforced Capacity the Market-Clearing Price as determined in Section 5.15 of this Manual.

Settlements for all Installed Capacity auctions will occur in the month following the month for which the Unforced Capacity was purchased. For example, Unforced Capacity purchased for the month of May will be billed and paid for in the month of June. The schedule for bills and payments for Unforced Capacity will follow the Energy Market schedule. A timetable for bills and payments for the Energy Market can be found on the NYISO ~~website~~ [web site: \(www.nyiso.com\)](http://www.nyiso.com).

Unforced Capacity purchased in the six-month strip auction (the Capability Period Auction) will be settled on a monthly basis. The ~~ISO~~ [NYISO](http://www.nyiso.com) will issue bills for one-sixth of the applicable Market-Clearing Price for Unforced Capacity on the same schedule referenced above.

In-City LSEs will receive bills for the Unforced Capacity that they purchased that are net of any rebates.

5.17. Allocation of Winning Bids

In the Capability Period and Monthly Auctions, each Bidder whose Bid to purchase Unforced Capacity is selected will be allocated a pro rata share of the Unforced Capacity purchased in the

auction; ~~subject to the locational constraints specified in that Bidder's Bid,~~ using the following procedure:

- ~~1.~~ Bidders whose Bids specified that the Unforced Capacity must be associated with an Installed Capacity Supplier located in a Locality will be awarded such Unforced Capacity.
- ~~2.1.~~ ~~Bidders whose Bids specified that the Unforced Capacity could be associated with an Installed Capacity Supplier located in a particular Control Area outside the NYCA, and who paid a lower Market-Clearing Price as a result, will be allocated Unforced Capacity located in that External Control Area.~~
- ~~3.~~ Any remaining purchasers of Unforced Capacity ~~whose Bids specified they could accept Unforced Capacity associated with Installed Capacity Suppliers located outside the NYCA will be allocated Unforced Capacity for all remaining Unforced Capacity sold in that auction that is located outside the NYCA. This allocation shall be performed on a pro-rata basis, without violating any locational constraints specified by those Bidders.~~
- ~~4.2.~~ All remaining Unforced Capacity associated with Installed Capacity Suppliers ~~located inside the NYCA~~ shall be allocated capacity provided by all remaining sellers of Unforced Capacity on a pro-rata basis ~~among all remaining purchasers of Unforced Capacity in that auction.~~

5.18. Posting of Results

The ~~ISO~~ NYISO will post the results of each auction within the time period specified in the ISO NYISO Procedures. These results shall include:

1. The Market-Clearing Price for each Locality, each External Control Area, and the portion of the NYCA not included in any other Locality, in each ISO-administered auction.
2. The total amount of Unforced Capacity associated with Installed Capacity Suppliers in each Locality, each External Control Area, and the portion of the NYCA that is not included in any other Locality that was sold in each ISO-administered auction.
3. The total amount of Unforced Capacity purchased in each ISO-administered auction, broken down by the constraints placed upon the location of that Unforced Capacity by the Bidders placing those Bids.

The ~~ISO~~ NYISO shall publish all Bids and Offers made in each auction six months after the conclusion of that auction. The names of Offerors or Bidders will not be revealed publicly; however, the ~~ISO~~ NYISO will post these data in a way that permits the identity of a given Offeror or Bidder to be tracked over time.