

hour or longer, no more than one (1) year old for an Interruptible Load Resource, in accordance with ISO Procedures; (iii) abide by the ISO Generator maintenance coordination procedures; (iv) provide the expected return date from any outages (including partial outages) to the ISO and to the Transmission Owner to which the Generator is electrically interconnected; (v) not utilize the same Installed Capacity for more than one (1) buyer at the same time; (vi) if the resource is a Generator, either use it in Day-Ahead Bilateral Transactions to supply Load within the NYCA or bid it into the Day-Ahead Energy Market (unless the Generator is unable to meet its commitments due to a maintenance or forced outage); (vii) if the resource is an Interruptible Load Resource, make a Bid in the Day-Ahead Market for both Energy and Operating Reserves; (viii) abide by ISO Procedures; and (ix) Providers of Installed Capacity to the NYCA located east of the Central-East constraint shall bid in the Day-Ahead and Real-Time Markets all capacity available for providing Spinning Reserves or 10-Minute NSR (unless the Generator is unable to meet its commitment because of a scheduled or forced outage), except for the generators described in subsections (a), (b) and (c) below:

- (a) Generators providing Energy under existing contracts (including PURPA contracts) in which the power purchasers does not control the operation of the supply source but would be responsible for penalties for being off-schedule, with the exception of Generators under existing must-take PURPA contracts who have not provided telemetering to their local TO and historically have not been eligible to participate in the NYPP market, which will continue to be treated as TO load modifiers under the ISO-administered markets;

- (b) Existing topping turbine Generators and extraction turbine Generators producing electric Energy resulting from the supply of steam to the district steam system located in New York City (LBMP Zone J) and/or topping or extraction turbine Generators utilized in replacing or repowering existing steam supplies from such units (in accordance with good engineering and economic design) that cannot follow schedules, up to a maximum total of 365 MW of such units; and
- (c) Existing intermittent (i.e., non-schedulable) renewable resource Generators within the NYCA, plus up to an additional 50 MW of such Generators.

If a Generator is selected in the Day-Ahead Market and fails to produce Energy, or if a Generator fails an Availability test, the resource will be considered to be unavailable. If not selected to provide Energy or Operating Reserves in the Day-Ahead Market, the provider may participate in the Real-Time Market or in other Energy markets, Bilateral Transactions, or Transactions with other Control Areas subject to Reliability Rules and ISO Procedures.

Generators not participating as Installed Capacity providers will remain eligible for the Installed Capacity market. In order to remain eligible they must continue to bid into the Day-Ahead Market and adhere to the ISO Day-Ahead Market start-up time requirements for reliability during the contract period (unless they are on maintenance or forced outage).

1.0 General Requirements

The ISO shall ensure that providers of Operating Reserves are properly located electrically so that transmission constraints resulting from either commitment or dispatch of units do not limit the ability to deliver Energy to Loads in the case of a Contingency. The ISO will ensure that Capacity counted toward meeting Operating Reserve requirements is not also counted toward meeting Regulation and Frequency Response Service requirements.

2.0 Spinning Reserve-Requirements and Responsibilities

2.1 Day-Ahead Market for Spinning Reserve

Suppliers offering Generator or Demand Side Resources to provide Spinning Reserve in the Day-Ahead commitment shall submit Availability Bids for each hour of the upcoming day. For Spinning Reserves Suppliers located east of the Central-East constraint not subject to a requirement to submit Availability Bids at a lower level, Availability Bids shall be limited to zero plus each Spinning Reserves Supplier's verifiable fuel commitment costs for providing Spinning Reserves for each hour. The ISO shall select Spinning Reserve Suppliers for each hour of the upcoming day through its Day-Ahead commitment, using Bids and/or schedules provided by the Suppliers, including Availability Bids by both Class A Unit and Class B Unit Suppliers, and Energy Bids by Class A Unit Suppliers. The ISO shall notify each Supplier of Spinning Reserve that has been selected in the Day-Ahead Schedule of the amount of Spinning Reserve it has been scheduled to provide. Suppliers of Spinning Reserve scheduled Day-Ahead shall either

provide Spinning Reserve or shall generate Energy when requested by the ISO to do so, in all hours for which they have been selected to provide Spinning Reserve.

2.2 Real-Time Market for Spinning Reserve

During each Dispatch Day, Suppliers whose Generators have not been scheduled to provide Spinning Reserve and which still have Capacity that has not been committed for use in any other way may submit Availability Bids to provide Spinning Reserve to the ISO.

These Real-Time Availability Bids may differ from Availability Bids that were made by those Suppliers in the Day-Ahead commitment, except that for Spinning Reserves Suppliers located east of the Central-East constraint not subject to a requirement to submit Availability Bids at a lower level, Availability Bids shall be limited to zero plus each Spinning Reserves Supplier's verifiable fuel commitment costs for providing Spinning Reserves for each hour. If the ISO anticipates that it will require additional Spinning Reserves in an hour, it shall select additional Suppliers of Spinning Reserve from among those Suppliers that have submitted Real-Time Availability Bids to it for that hour. It shall make this selection with the objective of minimizing the cost of meeting Load and providing all necessary Ancillary Services in that hour. The ISO shall notify each Supplier of Spinning Reserve that has been selected in the Real-Time dispatch of the amount of Spinning Reserve it must provide. Any previously uncommitted Class A Unit whose Bid to provide Spinning Reserve is accepted by the ISO will be treated as a Generator on dispatch.

2.3 Suppliers' Responsibilities

All Generators selected by the ISO as Suppliers of Spinning Reserve must be located within the NYCA and must be under ISO Operational Control. All Suppliers of Spinning Reserves selected by the ISO shall ensure that their Generators maintain and deliver the appropriate quantity of Energy when called upon by the ISO in all hours in which they have been selected to provide Spinning Reserve. All Demand Side Resources selected by the ISO as Suppliers of Spinning Reserve shall reduce consumption of the appropriate quantity of Energy when called upon by the ISO in all hours in which they have been selected to provide Spinning Reserve. Each Generator bidding to supply Spinning Reserve must be able to provide Energy consistent with the Reliability Rules and the ISO Procedures when called upon by the ISO and shall

specify in its Bid the amount of time for which it can supply such Energy. Each Demand Side Resource bidding to supply Spinning Reserve must be able to

3.0 10-Minute NSR and 30-Minute Reserve Requirements and Responsibilities

3.1 Day-Ahead Market for 10-Minute NSR and 30-Minute Reserve

Suppliers offering Generators or Demand Side Resources to provide 10-Minute NSR and/or 30-Minute Reserve in the Day-Ahead commitment shall submit Availability Bids for each hour of the upcoming day. For Suppliers located east of the Central-East constraint, Day-Ahead Availability Bids to provide 10-Minute NSR for each hour shall be limited to the incremental costs associated with the provision of 10-Minute NSR, not to exceed \$2.52/MW in each hour. The ISO shall select Suppliers of 10-Minute NSR and 30-Minute Reserve for each hour of the upcoming day through the Day-Ahead commitment, using Bids and/or schedules provided by the Suppliers. The ISO shall notify each Supplier of 10-Minute NSR and/or 30-Minute Reserve that has been selected in the Day-Ahead schedule of the amount of 10-Minute NSR and/or 30-Minute Reserve it has been scheduled to provide.

Suppliers of 10-Minute NSR and/or 30-Minute Reserve scheduled Day-Ahead shall provide 10-Minute NSR and/or 30-Minute Reserve for all hours in which they have been scheduled to provide 10-Minute and/or 30-Minute Reserve.

3.2 Real-Time Markets for 10-Minute NSR and 30-Minute Reserve

During the day, Suppliers that have not been scheduled to provide 10-Minute NSR or 30-Minute Reserve and which still have Capacity that has not been committed for use in any other way may submit Availability Bids to provide 10-Minute NSR and/or 30-Minute Reserve to the ISO. These Real-Time Availability Bids may differ from Availability Bids that were made by those

Suppliers in the Day-Ahead commitment, except that for Suppliers located east of the Central-East constraint, Real-Time Availability Bids to provide 10-Minute NSR for each hour shall be limited to the incremental costs associated with the provision of 10-Minute NSR, not to exceed \$2.52/MW in each hour.

If the ISO anticipates that additional Suppliers of 10-Minute NSR or 30-Minute Reserve are needed in an hour, it shall select additional Suppliers of 10-Minute NSR or 30-Minute Reserve from among those Suppliers that have supplied Real-Time Availability Bids

to it for that hour. It shall make this selection with the objective of minimizing the cost of meeting Load and providing all necessary Ancillary Services in that hour.

The ISO may perform multiple selections of Suppliers of 10-Minute NSR or 30-Minute Reserve for any given hour. Suppliers bidding to supply 10-Minute NSR or 30-Minute Reserve that have not already been scheduled to provide 10-Minute NSR or 30-Minute Reserve may change their Real-Time Bids from one hour to the next, except that for Suppliers located east of the Central-East Constraint, Real-Time Availability Bids to provide 10-Minute NSR for each hour shall be limited to the incremental costs associated with the provision of 10-Minute NSR, not to exceed \$2.52/MW in each hour. The ISO shall notify each Supplier of 10-Minute NSR or 30-Minute Reserve that has been scheduled in the Real-Time dispatch of the amount of 10-Minute NSR or 30-Minute Reserve it must provide. Any Supplier whose Bid to provide 10-Minute NSR or 30-Minute Reserve is accepted by the ISO in the Real-Time dispatch must make its Generators or Demand Side Resources available for dispatch by the ISO.

3.3 Suppliers' Responsibilities

Subject to the ISO's locational requirements, Suppliers of 10-Minute NSR or 30-Minute Reserve may use Generators located within the NYCA or outside the NYCA. In order for a Supplier to provide 10-Minute NSR or 30-Minute Reserve using a Generator located outside the NYCA, the operator of that Generator's Control Area must have agreed to modify the DNI between the NYCA and that Control Area instantaneously upon notification by the ISO that the ISO is initiating a reserve pick-up for the area including that Generator. The amount of a 10-Minute NSR provided by Generators within any given External Control Area cannot exceed the

maximum amount by which the operator of that Control Area will change the DNI from that Control Area into the NYCA within ten (10) minutes of the initiation of a reserve pick-up by the ISO. Likewise, the amount of 30-Minute