

SCHEDULE 1

SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE

This service is required to schedule the movement of power through, out of, within, or into the NYCA. This service can be provided only by the ISO. The Transmission Customer must purchase this service from the ISO. The charges for Scheduling, System Control and Dispatch Service are set forth below.

1. Parties to Which Charges Apply

The ISO shall charge, and Transmission Customers shall pay, the Scheduling, System Control and Dispatch Service ("Rate Schedule 1") charge on all Transmission Services provided pursuant to Parts II, III and IV to this Tariff, provided that Transmission Customers who are retail access customers who are being served by an LSE shall not pay this charge to the ISO; the LSE shall pay this charge.

2. Billing

The ISO shall charge each Transmission Customer based on the product of: (i) the Scheduling, System Control and Dispatch Service charge rate; and (ii) the customer's billing units for the month.

The customer's billing units will be based on the Actual Energy Withdrawals for all Transmission Service to supply Load in the NYCA, and hourly Energy schedules for all Wheels Through and Exports. To the extent Schedule 1 charges are

associated with satisfying Local Reliability Rules, the billing units for such charges will be based on the Actual Energy Withdrawals in the sub-zone(s) where the Local Reliability Rules are applied.

3. Computation of Rate

The Scheduling, System Control and Dispatch Service charge shall be computed on a monthly basis based on information available from the prior month. The Rate Schedule 1 charge shall equal the ISO's monthly costs and expenses, as adjusted by the Residual Adjustment described below, and excess revenues from the payment of Ancillary Service penalties, divided by total billing units calculated in Section 2 of this Rate Schedule. Additional Rate Schedule 1 charges will apply to Transmission Customers serving Load in Load zones for which the generating units were committed, in accordance with Local Reliability Rules to compensate such generating units for minimum and start-up costs not fully recovered through LBMP revenues.

4. ISO Costs

ISO costs to be recovered through the Rate Schedule 1 charge include:

A. Costs associated with the operation of the NYS Transmission System by the ISO and administration of this Tariff by the ISO, including without limitation, the following:

- Processing and implementing requests for transmission service including support of the ISO OASIS node;

- Coordination of transmission system operation and implementation of necessary control actions by the ISO and support for these functions;
- Performing centralized security constrained dispatch to optimally re-dispatch the NYS Power System to mitigate transmission Interface overloads and provide balancing services;
- Billing associated with Transmission Service provided under this Tariff;
- Preparation of Settlement statements;
- Rebilling which supports this service;
- NYS Transmission System studies, when the costs of the studies are not recoverable from a Transmission Customer;
- Engineering services and operations planning;
- Data and voice communications network service coordination;
- Metering maintenance and calibration scheduling;
- Dispute resolution;
- Record keeping and auditing;
- Training of ISO personnel;
- Development of new information, communication and control systems;
- Professional services;
- Working capital and carrying costs on ISO assets, capital requirements and debts;

- Tax expenses, if any;
- Administrative and general expenses;
- Insurance expenses;
- Any indemnification of or by the ISO pursuant to Section 10.2 of this Tariff;
- Costs that the ISO incurs as a result of bad debt, including finance charges;
- The costs associated with differences between the amounts bid by generating facilities that have been committed and scheduled by the ISO to provide Energy and certain Ancillary Services, and the actual revenues received by these generating facilities for providing such Energy and Ancillary Services. Where the costs are incurred to compensate generating facilities for satisfying Local Reliability Rules, the associated charge shall apply only to Transmission Customers serving Load in the Load Zone(s) where the rule is applied; and
- Refunds, if any, ordered by the Commission to be paid by the ISO, at the conclusion of Central Hudson Gas & Electric Corp., Docket Nos. ER97-1523-011, OA97-470-010 and ER97-4234-008.

B. Costs associated with the start-up and formation of the ISO, including without limitation, the following:

- the transfer of any property, including real, personal, and intellectual property, other assets and other rights and obligations;
- items such as computer software development and licensing costs and computer hardware costs; and
- costs related to regulatory filings.

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These costs will be amortized over a five-year period, and Rate Schedule 1 will include an amortized amount of the costs, inclusive of financing costs.

Subject to the above, where costs or expenses or receipts are incurred on a basis other than a monthly basis, the ISO shall use reasonable judgment consistent with commonly accepted accounting practices to develop the monthly components. The sum of the costs identified above shall be adjusted by the Residual Adjustment.

5. Residual Adjustment

The ISO's payments from Transmission Customers will not equal the ISO's payments to Suppliers. Part of the difference consists of Day-Ahead Congestion Rent. The remainder comprises the Residual Adjustment, which will be an adjustment to the costs in Section 4. The most significant components of the Residual Adjustment, which is calculated below, include:

- The greater revenue the ISO collects for Marginal Losses from Transmission Customers, in contrast to payments for losses remitted to generation facilities;
- Costs or savings associated with the ISO redispatch of Generators resulting from a change in Transfer Capability between the Day-Ahead schedule and the real-time dispatch;
- The cost resulting from inadvertent interchange (if unscheduled Energy flows out of the NYCA to other Control Areas), or the decrease in cost resulting from inadvertent interchange (if unscheduled Energy flows into the NYCA from other Control Areas) and associated payments in kind;

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- Costs or revenues from Emergency Transactions with other Control Area operators;
- Metering errors resulting in payments to or from Transmission Customers to be either higher or lower than they would have been in the absence of metering errors;
- Deviations between actual system Load and the five-minute ahead Load forecast used by SCD, resulting in either more or less Energy than is needed to meet Load;
- Energy provided by generation facilities in excess of the amounts requested by the ISO (through SCD Base Point Signals or AGC Base Point Signals);
- If generation facilities providing Regulation Service have actual output in excess of their AGC Base Point Signals, but the SCD Base Point Signals is higher than either, the real-time payments they receive for Energy produced will be based on the SCD Base Point Signals; and
- Transmission Customers serving Load in the NYCA will be billed based upon an estimated distribution of Loads to buses within each Load Zone. If the actual distribution of Load differs from this assumed distribution, the total amount collected from Transmission Customers could be either higher or lower than the amount that would have been collected if the actual distribution of Loads had been known.
- Settlements for losses revenue variances, as described in Attachment K of this Tariff, with Transmission Owners that pay marginal losses to the ISO for losses associated with modified TWAs (not converted to TCCs) while receiving losses payments from the participants in those TWAs other than marginal losses.

The actual Residual Adjustment for each month shall be the sum of the hourly Residual Adjustments calculated as follows: (A) the ISO's receipts from Transmission Customers and Primary Holders of TCCs for services which equal the sum of: (i) payments for Energy scheduled in the LBMP Market in that hour in the Day-Ahead commitment; (ii) payments for

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Energy purchased in the Real-Time LBMP Market for that hour that was not scheduled Day-Ahead;

(iii) payments for Energy by generating facilities that generated less Energy in the real-time dispatch for that hour than they were scheduled Day-Ahead to generate in that hour for the LBMP Market; (iv) TUC payments made in accordance with Parts II, III and IV of this Tariff that were scheduled in that hour in the Day-Ahead commitment; and (v) real-time TUC payments in accordance with Parts II, III and IV of this Tariff that were not scheduled in that hour in the Day-Ahead commitment; (B) less the ISO's payments to generation facilities, Transmission Owners and Primary Holders of TCCs equal to the sum of the following: (i) payments for Energy to generation facilities that were scheduled to operate in the LBMP Market in that hour in the Day-Ahead commitment; (ii) payments to generation facilities for Energy provided to the ISO in the real-time dispatch for that hour that those generation facilities were not scheduled to generate in that hour in the Day-Ahead commitment; (iii) payments for Energy to LSEs that consumed less Energy in the real-time dispatch than those LSEs were scheduled Day-Ahead to consume in that hour; (iv) payments of the real-time TUC to Transmission Customers that reduced their schedules for that hour after the Day-Ahead commitment; (v) payments of Congestion Rents collected for that hour in the Day-Ahead schedule to Primary Holders of TCCs; (vi) settlements with Transmission Owners for losses revenue variances; and (vii) Excess Congestion Rents collected in that hour.

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SCHEDULE 2

REACTIVE SUPPLY AND VOLTAGE CONTROL FROM GENERATION SOURCES SERVICE

In order to maintain transmission voltages on the NYS Transmission System within acceptable limits, generation facilities under the control of the ISO are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation Sources Service (“Voltage Support Service”) must be provided for each Transaction on the NYS Transmission System. The amount of Voltage Support Service that must be supplied with respect to the Transmission Customer's Transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the ISO.

Voltage Support Service is to be provided directly by the ISO. The methodologies that the ISO will use to obtain Voltage Support Service and the associated charges for such service are set forth below.

1.0 Responsibilities

The ISO shall coordinate the Voltage Support Service provided by generation facilities that qualify to provide such services as described in Section 1.1 of Rate Schedule 2 of the ISO

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Services Tariff.

1.1 Wheels Through, Exports and Purchases from the LBMP Market

Transmission Customers engaging in Wheels Through, Exports and Purchases from the LBMP Market where the Energy is delivered to an NYCA Interconnection with another Control Area shall purchase Voltage Support Service from the ISO at the rates described in the formula contained in Section 2.1 of this Rate Schedule.

1.2 Load-Serving Entities

LSEs serving Load in the NYCA shall purchase all Voltage Support Service from the ISO.

2.0 Payments

2.1 Payments made by Transmission Customers and LSEs

Transmission Customers shall pay the ISO for Voltage Support Service. The ISO shall compute the Voltage Support Service Rate based on forecast data using the following equation

$$Rate_{VSS} = \frac{\sum^{All} NYISO_{VSSPayments} + PYA_{VSS}}{Energy_{NYISO}}$$

Where:

$Rate_{VSS}$ = Voltage Support Service Rate

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$Energy_{ISO}$ = The annual forecasted transmission usage for the year as projected by the ISO including Load within the NYCA, Exports and Wheels Through.

$\sum^{All} NYISO_{VSSPayments}$ = The sum of the projected ISO payments to generation facilities providing Voltage Support Service based on Sections 2.0(a), 2.0(b) and 2.0(c) of Rate Schedule 2 of the ISO Services Tariff.

PYA_{VSS} = Total of prior year payments to generation facilities supplying Voltage Support Service as defined in the ISO Services Tariff less the total of payments received by the ISO from Transmission Customers and LSEs in the prior year for Voltage Support Service (including all payments for penalties).

Transmission Customers engaging in Wheels Through, Exports and Purchases from the LBMP Market where the Energy is delivered to a NYCA interconnection with another Control Area shall pay to the ISO a charge for this service equal to the hourly rate as determined in Section 2.1 of this Rate Schedule multiplied by their Energy scheduled in the hour. LSEs shall pay to the ISO a charge for this service equal to the hourly rate as determined in Section 2.1 of this Rate Schedule multiplied by the Energy consumed by the LSE's Load located in the NYCA in the hour.

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The ISO shall calculate the payment hourly and bill each Transmission Customer or LSE monthly.

3.0 Self-Supply

All Voltage Support Service shall be purchased from the ISO.

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SCHEDULE 3

REGULATION AND FREQUENCY RESPONSE SERVICE

Regulation and Frequency Response Service is necessary to provide for the continuous balance of resources (generation and interchange) with Load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) as necessary to follow the moment-by-moment changes in Load. The obligation to maintain this balance between resources and Load lies with the ISO. The ISO must offer this service when the Transmission Service is used to serve Load within the NYCA. The Transmission Customer must either purchase this service from the ISO or make alternative comparable arrangements pursuant to the provisions set forth in the ISO Services Tariff to satisfy its Regulation and Frequency Response Service obligation. The charges for Regulation and Frequency Response Service are set forth below.

1.0 Customer Obligations and Responsibilities

Transmission Customers and LSEs shall either purchase this service from the ISO,

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Self-Supply or purchase this service from alternate Suppliers. Alternate Suppliers and sources for Self-Supply shall comply with those conditions specified in Rate Schedule 3 of the ISO Services Tariff.

2.0 Charges to Transmission Customer

(a) For all Actual Energy Withdrawals for Load located in the NYCA, the LSE is considered the Transmission Customer taking service under Parts II, III and IV of this Tariff for purposes of this Rate Schedule and shall pay a charge for this service on all Transmission Service in accordance with this Tariff and purchases in the LBMP Markets in accordance with the ISO Services Tariff, when such service serves Load located in the NYCA.

(b) The ISO shall calculate the charge, for each hour, as follows:

$$\text{LSE Charge} = (\text{Supplier Payment} - \text{Supplier Charge} - \text{Generator Charge}) \times \text{LRS}_{\text{LSE}}$$

where: Supplier Payment is the aggregate of the availability payments made by the ISO to all Suppliers of this service as described in Section 4.0(b) of Rate Schedule 3 of the ISO Services Tariff; Supplier Charge is the aggregate of charges paid by all Suppliers for poor Regulation performance, as described in Section 4.1 of Rate Schedule 3 of the ISO Services Tariff; Generator Charge is the aggregate of charges paid by all Generators that do not provide

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Regulation Service and do not follow their SCD Base Points sufficiently accurately, as described in Section 4.2 of Rate Schedule 3 of the ISO Services Tariff; and LRS_{LSE} is each Transmission Customer's share of the Load in the NYCA.

(c) In any hour where the charges paid by Generators and Suppliers, as described in the ISO Services Agreement, exceed the payments made to Suppliers of this service (i) the ISO shall not assess a charge against any LSE, and (ii) the surplus will be applied to the following hour as an offset to subsequent payments.

(d) Charges to be paid by Transmission Customers for this service shall be aggregated to render a monthly charge.

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SCHEDULE 4

ENERGY IMBALANCE SERVICE

Energy Imbalance Service is provided when (1) a difference occurs between the scheduled and the actual delivery of Energy to a Load located within the NYCA over a single hour, or (2) a difference occurs between the scheduled and actual delivery of Energy from a POI within the NYCA to a neighboring control area in a single hour. The ISO must offer this service when the Transmission Service is used to serve Load within the NYCA or for an Export Transaction when the generation source is a Generator located in the NYCA. The Transmission Customer must purchase this service from the ISO.

The charges for Energy Imbalance Service are set forth below.

1.0 Energy Imbalance Service Charges

For each Transmission Customer that has executed a Service Agreement under the ISO Services Tariff, Energy Imbalance Service is considered to be supplied by the Real-Time Market and will be charged at the Real-Time LBMP price determined pursuant to Attachment J.

For each Transmission Customer that is not a Customer under the ISO Services Tariff and is receiving service under Part II or III of this Tariff, the ISO shall establish a deviation band of +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly

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to any Energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s). Parties should attempt to eliminate Energy imbalances within the limits of the deviation band within thirty (30) days or within such other reasonable period of time as may be established by the ISO that is generally accepted in the region and consistently adhered to by the ISO. If an Energy imbalance is not corrected within thirty (30) days or such other reasonable period of time as may be established by the ISO that is generally accepted in the region and consistently adhered to by the ISO, the Transmission Customer will compensate the ISO for such service, subject to the charges set forth below. Also, Energy imbalances outside the deviation band will be subject to charges set forth below.

For hours when the Transmission Customer's Actual Energy Withdrawals are greater than that customer's scheduled Energy delivery and applicable tolerance band, the Transmission Customer shall pay to the ISO an amount equal to the greater of 150% of the Real-Time LBMP price at the Point of Delivery or \$100 per MWh. In the event that the Transmission Customer's Actual Energy delivery exceeds that customer's Actual Energy Withdrawals, the Transmission Customer shall not receive payment for such Energy.

Transmission Customers with imbalances may also be subject to charges for Regulation and Frequency Response, as described in Rate Schedule 3.

Energy imbalances resulting from inadvertent interchange between Control Areas will continue to be addressed by the procedures that Control Area operators currently use to address such imbalances. Any increase or decrease in costs resulting from pay back of accumulated inadvertent interchange will be included in the ISO Scheduling, System Control and Dispatch Service charge.

2.0 Inadvertent Energy Management Requirements

For Energy imbalances resulting from inadvertent interchange between Control Areas, the ISO shall: (i) accurately account for inadvertent Energy interchange, through daily schedule verification and the use of reliable metering equipment; (ii) minimize unintentional inadvertent accumulation in accordance with NERC and NPCC policies; and (iii) minimize accumulated inadvertent Energy balances in accordance with NERC and NPCC policies.

The ISO shall reduce accumulated inadvertent Energy balances with other Control Areas by one or both of the following methods: (i) scheduling interchange payback with another Control Area as an interchange schedule between Control Areas; and (ii) unilaterally offsetting the tie-line interchange schedule when such action will assist in correcting an existing time error.

Inadvertent interchange accumulated during On-Peak hours shall be paid back during On-Peak hours. Inadvertent interchange accumulated during Off-Peak hours shall be paid back

during Off-Peak hours. In either case, payback is made with Energy “in-kind.”

3.0 Monthly Meter Reading Adjustments

3.1 Facilities Internal to the NYCA

The ISO shall develop rules and procedures to implement adjustments to meter readings to reflect the differences between the integrated instantaneous metering data utilized by the ISO for SCD and actual data for internal facilities as recorded by billing metering.

3.2 Facilities on Boundaries with Neighboring Control Areas

The correction required for external Inadvertent Energy Accounting facilities on Interfaces between the NYCA and other Control Areas will be done using Inadvertent Energy Accounting techniques to be established by the ISO in accordance with NERC and other established reliability criteria.

4.0 Self-Supply

All Inadvertent Energy Accounting services and Energy Imbalance Services shall be purchased from the ISO.

5.0 Verification of Adjustments

The ISO shall provide all necessary meter reading adjustment information required by the

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Transmission Owners to allow them to verify that meter reading adjustments were performed in accordance with ISO Procedures.

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SCHEDULE 5

OPERATING RESERVE SERVICE

The ISO must offer this service when the Transmission Service is used to serve Load within the NYCA or to support Export Transactions from the NYCA. The Transmission Customer must either purchase this service from the ISO or make alternative comparable arrangements to satisfy its Operating Reserve Service obligation. The amount of, and charges for, Operating Reserve Service are set forth below. The ISO shall establish the following Operating Reserves in accordance with the ISO Procedures and the Reliability Rules: (1) Spinning Reserve (10-Minute Synchronized Reserve); (ii) 10-Minute Non-Synchronized Reserve; and (iii) 30- Minute Reserve. The ISO shall maintain Operating Reserves in accordance with the ISO Procedures and the Reliability Rules. The ISO shall monitor the level of Operating Reserves utilizing the security monitoring program. Transmission Customers, Transmission Owners and Suppliers shall supply all data required for the proper operation of the security monitoring program.

The NYSRC shall establish the criteria for determining the required levels of Operating Reserves. The NYSRC shall be responsible to evaluate the adequacy of the criteria for

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determining the required level of Operating Reserves and shall modify such criteria from time to time as required. Operating Reserves are classified as follows:

- (1) Spinning Reserve: Operating Reserves provided by generation facilities and Interruptible Load Resources located within the NYCA that are already synchronized to the NYS Power System and can respond to instructions to change output level within ten (10) minutes;
- (2) 10-Minute Non-Synchronized Reserve (“10-Minute NSR”): Operating Reserves provided by generation facilities that can be started, synchronized and loaded within ten (10) minutes; and
- (3) 30-Minute Reserve: Operating Reserves provided by generation facilities and Interruptible Load Resources that can respond to instructions to change output level within thirty (30) minutes.

The ISO shall satisfy at least fifty (50) percent of the applicable 10-Minute Reserve requirements with Spinning Reserve. If the ISO satisfies all of the 10-Minute Reserve requirement through Spinning Reserve, it does not have to maintain 10-Minute NSR. The ISO shall establish additional categories of Operating Reserves if necessary to ensure reliability.

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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 towards meeting Operating Reserve requirements is not also counted towards meeting Regulation and Frequency Response Service requirements.

2.0 Operating Reserves Charges

Each Transmission Customer engaging in an Export and each LSE shall pay a monthly Operating Reserves charge equal to the sum of the hourly charges for the month. The ISO shall calculate, and the LSE or Transmission Customer shall pay, the hourly charge equal to the product of (A) cost to the ISO of providing all Operating Reserves less any revenues from penalties collected during each hour and (B) the ratio of (i) the LSE's Load or the Transmission Customer's scheduled Export to (ii) the sum of all Load in the NYCA and all scheduled Exports during that hour. The cost to the ISO of providing Operating Reserves are described in Rate Schedule 4 of the ISO Services Tariff.

3.0 Self-Supply

Transmission Customers, including LSEs, may provide for Self-Supply of Operating

Reserve by placing generation facilities supplying any one of the Operating Reserves under ISO Operational Control. The generation facilities must meet ISO rules for acceptability. The amount that any such customer will be charged for Operating Reserve Services will be reduced by the market value of the services provided by the specified generation facilities as determined in the ISO Services Tariff.

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SCHEDULE 6

BLACK START SERVICE

Black Start Capability represents the key generation facilities required to assist in the restoration of the NYS Power System once a system-wide blackout has occurred.

1.0 Requirements

The ISO shall develop and periodically review a Black Start restoration plan for the NYS Power System. The ISO may amend this restoration plan and determine Black Start requirements to account for changes in system configuration if the ISO determines that additional Black Start resources are needed.

Transmission Customers shall pay a Black Start Capability charge on all Transactions to supply Load in the NYCA, (including Internal Wheels and Import Transactions) based on the product of (a) the Transmission Customer's monthly Load Ratio Share and (b) the monthly embedded cost charge for Black Start Capability (net of all payments forfeited due to a generation facilities' failure to pass a Black Start Capability test).

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The full restoration of the NYS Power System will require some additional Black Start Generators, which are located in local Transmission Owner areas and which are not presently listed in the ISO restoration plan. Although the ISO plan will restore a major portion of the state electric system, portions of the local Transmission Owner's restoration plan may require additional Black Start service. The ISO will make payments for local area Black Start Capability directly to the generating facilities that provide that service, under the terms of this Rate Schedule. The LSEs in those local Transmission Owner areas will be additionally charged for that Black Start Capability Service by the ISO. Generating facilities, which are obligated to provide Black Start Service as a result of divestiture contract agreements, will not receive ISO payments for that service if they are already compensated for such service as part of those divestiture contracts.

The charge shall be based on the product of (a) the Transmission Customer's monthly Load Ratio Share of Load requiring local Black Start Capability, and (b) the monthly embedded cost charge for providing local Black Start Capability (net of all payments forfeited due to a local generation facilities failure to pass a Black Start Capability test), described in ISO Services Tariff, Rate Schedule 5.

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2.0 Self Supply

Transmission Customers may not Self-Supply this Black Start Capability Service.

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SCHEDULE 7

FIRM POINT-TO-POINT TRANSMISSION SERVICE

The charges for Firm Point-To-Point Transmission Service are described below. Section 7 of this Tariff contains the billing and Settlement terms and identifies which customers are responsible for paying each of the charges. Charges are based on actual transmission use with billing units measured in MWh.

A. Transmission Usage Charge ("TUC")

The monthly TUC (in \$) shall be the sum of the hourly values for each hour in the month of (i) the hourly Day-Ahead TUCs for Firm Point-To-Point Transmission Service scheduled in the Day-Ahead Market, and (ii) the hourly Real-Time TUCs for Firm Point-To-Point Transmission Service scheduled no later than ninety (90) minutes prior to such hour in the Dispatch Day.

1. The hourly Day-Ahead TUC shall be calculated as follows:

$$\text{Hourly Day-Ahead TUC} = \text{Scheduled Amount} \times (\text{DALBMP}_{\text{DP}} - \text{DALBMP}_{\text{RP}})$$

Where:

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Scheduled Amount is the quantity of MWh scheduled for Firm Point-To- Point Transmission Service in the Day-Ahead Market by the Transmission Customer for that hour.

DALBMP_{DP} is the Day-Ahead LBMP price of Energy (in \$/MWh) in that hour measured at the Point of Delivery (or withdrawal) as specified in the Transmission Service schedule. The method used to calculate Day-Ahead LBMP is described in Attachment J.

DALBMP_{RP} is the Day-Ahead LBMP price of Energy (in \$/MWh) in that hour measured at the Point of Receipt (or injection) as specified in the Transmission Service schedule. The method used to calculate Day-Ahead LBMP is described in Attachment J.

2. The hourly Real-Time TUC shall be calculated as follows:

$$TUC \text{ for hour } k \text{ For transaction } j = \frac{1}{3600} \sum_{i=1}^n MW_{ij} * t_i * (LBMP_{ij}^r - LBMP_{ij}^s)$$

where:

MW_{ij} = MW of the transaction for SCD execution interval i, for transaction j

n = Number of SCD intervals in an hour

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- $t_i =$ Number of seconds in interval I which are part of hour k
- $LBMP_{ijr} =$ LBMP at withdrawal location r for SCD execution interval I, for transaction j
- $LBMP_{ijs} =$ LBMP at injection locations for SCD execution interval I, for transaction j
- 3600 = number of seconds in each hour

- (a) If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is less than the Scheduled Amount, the ISO shall credit that Transmission Customer for the difference at the Real-Time TUC.
- (b) If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is greater than the Scheduled Amount, the ISO shall charge that Transmission Customer for the difference at the Real-Time TUC.

3. Exceptions to the requirement to pay the hourly TUC.

- (a) The hourly TUC shall not apply in any hour in which the ISO physically and financially Curtails the customer's scheduled Transmission Service during the Dispatch Day.
- (b) Transmission Customers with Grandfathered Rights that take Transmission Service in the Day-Ahead Market that corresponds to that customer's Grandfathered Rights shall pay for Marginal Losses associated with the hourly Day-Ahead LBMP in lieu of the TUC in accordance with Attachment K.

B. Marginal Losses

Payments for Marginal Losses (the "Marginal Losses Cost") shall equal the sum of the Hourly Day-Ahead Marginal Losses Cost and any adjustment to that cost as a result of subsequent schedule changes in the Real-Time Market (the "Hourly Real-Time Marginal Losses Cost")

1. Hourly Day-Ahead Marginal Losses Cost is calculated as follows:

$$\text{Hourly Day-Ahead Marginal Losses Cost} = \text{Scheduled Amount} \times (\text{DAMLC}_{\text{DP}} - \text{DAMLC}_{\text{RP}})$$

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Where:

DAMLC_{DP} is the Marginal Losses Component of the Day-Ahead LBMP measured at the Delivery Point identified in the Transmission Customer's schedule. The Day-Ahead LBMP is calculated in accordance with Attachment J.

DAMLC_{RP} is the Marginal Losses Component of the Day-Ahead LBMP measured at the Receipt Point identified in the Transmission Customer's schedule. The Day-Ahead LBMP is calculated in accordance with Attachment J.

2. Hourly Real-Time Marginal Losses Cost is calculated as follows:

Hourly Real-Time Marginal Losses Cost = Scheduled Amount x (RTMLC_{DP} - RTMLC_{RP})

Where:

RTMLC_{DP} is the Marginal Losses Component of the Real-Time LBMP measured at the Delivery Point identified in the Transmission Service schedule. The Real-Time LBMP is calculated in accordance with Attachment J.

RTMLC_{RP} is the Marginal Losses Component of the Real-Time LBMP measured

at the Receipt Point identified in the Transmission Service schedule. The Real-Time LBMP is calculated in accordance with Attachment J.

- (a) If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is less than the Scheduled Amount in the Day-Ahead Market, the ISO shall credit that Transmission Customer for the difference in Marginal Losses Cost using the Real-Time LBMP Marginal Losses Component.
- (b) If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is greater than the Scheduled Amount in the Day-Ahead Market, the ISO shall charge that Transmission Customer for the difference in Marginal Losses Cost using the Real-Time LBMP Marginal Losses Component.

C. Wholesale Transmission Service Charge (“WTSC”)

The Wholesale Transmission Service Charge (in \$) is calculated as follows:

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Schedule 7

1. For Exports and Wheels Through

WTSC = Schedule Amount x WTSC Rate

Where:

Scheduled Amount is the quantity of MWh scheduled in each hour for that month for Firm Point-To-Point Transmission Service by the Transmission Customer.

WTSC Rate is the Wholesale Transmission Service Charge Rate or combination of rates that applies to the Transmission Customer's Transmission Service as determined in Attachment H .

2. For Imports and Internal Wheels

WTSC = Actual Energy Withdrawals x WTSC Rate

Where:

Actual MWh Withdrawal is the quantity of MWh withdrawn at the Point of Delivery identified in the Transmission Customer's Transmission Service schedule, in an hour.

The amount shall be determined by: (1) measurement with a revenue-quality meter; (2) assessment in accordance with a Transmission Owner's PSC-approved retail access program or LIPA's lawfully established retail access

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program where the customer's demand is not measured by a revenue-quality meter; or

(3) using a method agreed to by the customer and the applicable Transmission Owner until such time as a revenue-quality meter is available.

D. Retail Transmission Service Charge ("RTSC")

The rates and charges for retail transmission service are described in Part IV of this Tariff.

E. NYPA Transmission Adjustment Charge ("NTAC")

LSEs serving retail access Load will be charged an NTAC consistent with each Transmission Owner's retail access program pursuant to Section 7 of this Tariff. The Transmission Customer shall pay to the ISO each month the NTAC. NTAC (in \$) is calculated as follows:

1. For Exports and Wheels Through

$$\text{NTAC} = \text{Scheduled Amount} \times \text{NTAC Rate}$$

Where:

NTAC Rate is the rate listed and described in Attachment H.

Scheduled Amount is the amount of MWh scheduled in each hour for that month for Firm Point-To-Point Transmission Service by the Transmission Customer.

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2. For Imports and Internal Wheels

$$\text{NTAC} = \text{Actual MWh Withdrawals} \times \text{NTAC Rate}$$

Where:

NTAC Rate is the rate listed and described in Attachment H.

Actual MWh Withdrawal is the quantity of MWh withdrawn at the Point of Delivery identified in the Transmission Customer's Transmission Service schedule, in an hour.

The amount shall be determined by: (1) measurement with a revenue-quality meter; (2) assessment in accordance with a Transmission Owner's PSC-approved retail access program or LIPA's lawfully established retail access program where the customer's demand is not measured by a revenue-quality meter; or (3) using a method agreed to by the customer and the applicable Transmission Owner until such time as a revenue-quality meter is available.

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SCHEDULE 8

NON-FIRM POINT-TO-POINT TRANSMISSION SERVICE

The charges for Non-Firm Point-To-Point Transmission Service are described below. Section 7 of this Tariff contains the billing and Settlement terms and identifies which customers are responsible for paying each of the charges. Charges are based on actual transmission use with billing units measured in MWh.

A. Marginal Losses

Hourly Real-Time Marginal Losses Cost is calculated as follows:

$$\text{Hourly Real-Time Marginal Losses Cost} = \text{Scheduled Amount} \times (\text{RTMLC}_{\text{DP}} - \text{RTMLC}_{\text{RP}})$$

Where:

RTMLC_{DP} is the Marginal Losses Component of the Real-Time LBMP measured at the Delivery Point identified in the Transmission Service schedule. The Real-Time LBMP is calculated in accordance with Attachment J.

RTMLC_{RP} is the Marginal Losses Component of the Real-Time LBMP measured at the Receipt Point identified in the Transmission Service schedule. The Real-Time LBMP is calculated in accordance with Attachment J.

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B. Wholesale Transmission Service Charge ("WTSC")

The Wholesale Transmission Service Charge (in \$) is calculated as follows:

1. For Exports and Wheels Through

$$\text{WTSC} = \text{Schedule Amount} \times \text{WTSC Rate}$$

Where:

Scheduled Amount is the quantity of MWh scheduled in each hour for that month for Non-Firm Point-To-Point Transmission Service by the Transmission Customer.

WTSC Rate is the Wholesale Transmission Service Charge Rate or combination of rates that applies to the Transmission Customer's Transmission Service as determined in Attachment H.

2. For Imports and Internal Wheels

$$\text{WTSC} = \text{Actual Energy Withdrawals} \times \text{WTSC Rate}$$

Where:

Actual MWh Withdrawal is the quantity of MWh withdrawn at the Point of Delivery identified in the Transmission Customer's Transmission Service

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schedule, in an hour. The amount shall be determined by (1) measurement with a revenue-quality meter; (2) assessment in accordance with a Transmission Owner's PSC-approved retail access program or LIPA's lawfully established retail access program where the customer's demand is not measured by a revenue-quality meter; or (3) using a method agreed to by the customer and the applicable Transmission Owner until such time as a revenue-quality meter is available.

C. Retail Transmission Service Charge ("RTSC")

The rates and charges for retail transmission service are described in Part IV of this Tariff.

D. NYPA Transmission Adjustment Charge ("NTAC")

LSEs serving retail access load will be charged an NTAC consistent with each Transmission Owner's retail access program pursuant to Section 7 of this Tariff. The Transmission Customer shall pay to the ISO each month the NTAC. NTAC (in \$) is calculated as follows:

1. For Exports and Wheels Through

$$\text{NTAC} = \text{Scheduled Amount} \times \text{NTAC Rate}$$

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Where:

NTAC Rate is the rate listed and described in Attachment H.

Scheduled Amount is the amount of MWh scheduled in each hour for that month for Non-Firm Point-To-Point Transmission Service by the Transmission Customer.

2. For Imports and Internals Wheels

NTAC = Actual MWh Withdrawals x NTAC Rate

Where:

NTAC Rate is the rate listed and described in Attachment H.

Actual MWh Withdrawal is the quantity of MWh withdrawn at the Point of Delivery identified in the Transmission Customer's Transmission Service schedule, in an hour.

The amount shall be determined by (1) measurement with a revenue-quality real-time meter; (2) assessment in accordance with a Transmission Owner's PSC-approved retail access program or LIPA's lawfully established retail access program where the customer's demand is not measured by a revenue-quality real-time meter; or (3) using a method agreed to by the

customer and the applicable Transmission Owner until such time as a revenue-quality
real-time meter is available.

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SCHEDULE 9

NETWORK INTEGRATION TRANSMISSION SERVICE

The charges for Network Integration Transmission Service are described below. Section 7 of this Tariff contains the billing and Settlement terms and identifies which customers are responsible for paying each of the charges. Charges are based on actual transmission use with billing units measured in Mwh.

A. Transmission Usage Charge ("TUC")

The monthly TUC (in \$) shall be the sum of the hourly values for each hour in the month of (i) the hourly Day-Ahead TUCs for Network Integration Transmission Service scheduled in the Day-Ahead Market, and (ii) the hourly Real-Time TUCs for Network Integration Transmission Service scheduled no later than ninety (90) minutes prior to such hour in the Dispatch Day.

1. The hourly Day-Ahead TUC shall be calculated as follows:

$$\text{Hourly Day-Ahead TUC} = \text{Scheduled Amount} \times (\text{DALBMP}_{\text{DP}} - \text{DALBMP}_{\text{RP}})$$

Where:

Scheduled Amount is the quantity of MWh scheduled for Network Integration

Transmission Service in the Day-Ahead Market by the Transmission Customer for that

hour.

DALBMP_{DP} is the Day-Ahead LBMP price of energy (in \$/MWh) in that hour measured at the Point of Delivery (or withdrawal) as specified in the Transmission Service schedule. The method used to calculate Day-Ahead LBMP is described in Attachment J.

DALBMP_{RP} is the Day-Ahead LBMP price of energy (in \$/MWh) in that hour measured at the Point of Receipt (or injection) as specified in the Transmission Service schedule. The method used to calculate Day-Ahead LBMP is described in Attachment J.

2. The hourly Real-Time TUC shall be calculated as follows:

$$TUC \text{ for hour } k \text{ For transaction } j = \frac{1}{3600} \sum_{i=1}^n MW_{ij} * t_i * (LBMP_{ij}^r - LBMP_{ij}^s)$$

Where:

MW_{ij} = MW of the transaction for SCD execution interval i, for transaction j

n = Number of SCD intervals in an hour

t_i = Number of seconds in interval i which are part of hour k

$LBMP_{ij}^r$ = LBMP at withdrawal location r for SCD execution interval i, for transaction j

2000, 90 FERC ¶ 61,352 (2000).

$LBMP_{ijS} =$ LBMP at injection locations for SCD execution interval i ,
for transaction j

$3600 =$ number of seconds in each hour

- (a) If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is less than the Scheduled Amount, the ISO shall credit that Transmission Customer for the difference at the Real-Time TUC.
 - (b) If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is greater than the Scheduled Amount, the ISO shall charge that Transmission Customer for the difference at the Real-Time TUC.
3. Exceptions to the requirement to pay the hourly TUC.
- (a) The hourly TUC shall not apply in any hour in which the ISO physically and financially Curtails the customer's scheduled Transmission Service during the Dispatch Day.

- (b) Transmission Customers with Grandfathered Rights that take Transmission Service in the Day-Ahead Market that corresponds to that customer's Grandfathered Rights shall, subject to a Section 205 filing under the Federal Power Act, pay for Marginal Losses associated with the hourly Day-Ahead LBMP in lieu of the TUC.

B. Marginal Losses

Payments for Marginal Losses (the "Marginal Losses Cost") shall equal the sum of the Hourly Day-Ahead Marginal Losses Cost and any adjustment to that cost as a result of subsequent schedule changes in the Real-Time Market (the "Hourly Real-Time Marginal Losses Cost")

1. Hourly Day-Ahead Marginal Losses Cost is calculated as follows:

$$\text{Hourly Day-Ahead Marginal Losses Cost} = \text{Scheduled Amount} \times (\text{DAMLC}_{\text{DP}} - \text{DAMLC}_{\text{RP}})$$

Where:

DAMLC_{DP} is the Marginal Losses Component of the Day-Ahead LBMP measured at the Delivery Point identified in the Transmission Customer's schedule. The Day-Ahead LBMP is calculated in accordance with Attachment J.

DAMLC_{RP} is the Marginal Losses Component of the Day-Ahead LBMP measured at the Receipt Point identified in the Transmission Customer's schedule. The Day-Ahead LBMP is calculated in accordance with Attachment J.

2. Hourly Real-Time Marginal Losses Cost is calculated as follows:

Hourly Real-Time Marginal Losses Cost = Scheduled Amount x (RTMLC_{DP} - RTMLC_{RP})

Where:

RTMLC_{DP} is the Marginal Losses Component of the Real-Time LBMP measured at the Delivery Point identified in the Transmission Service schedule. The Real-Time LBMP is calculated in accordance with Attachment J.

RTMLC_{RP} is the Marginal Losses Component of the Real-Time LBMP measured at the Receipt Point identified in the Transmission Service schedule. The Real-Time LBMP is calculated in accordance with Attachment J.

- (a) If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is

less than the Scheduled Amount in the Day-Ahead Market, the ISO shall credit that Transmission Customer for the difference in Marginal Losses Cost using the Real-Time LBMP Marginal Losses Component.

- (b) If the Transmission Customer submits a Transmission Service schedule, after the close of the Day-Ahead Market schedule but no later than ninety (90) minutes prior to such hour in the Dispatch Day, for an amount that is greater than the Scheduled Amount in the Day-Ahead Market, the ISO shall charge that Transmission Customer for the difference in Marginal Losses Cost using the Real-Time LBMP Marginal Losses Component.

C. Wholesale Transmission Service Charge (“WTSC”)

The Wholesale Transmission Service Charge (in \$) is calculated as follows:

1. For Exports and Wheels Through

$$\text{WTSC} = \text{Schedule Amount} \times \text{WTSC Rate}$$

Where:

Scheduled Amount is the quantity of MWh scheduled in each hour for that month for Network Integration Transmission Service by the Transmission Customer.

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WTSC Rate is the Wholesale Transmission Service Charge Rate or combination of rates that applies to the Transmission Customer's Transmission Service as determined in Attachment H .

2. For Imports and Internal Wheels

WTSC = Actual Energy Withdrawals x WTSC Rate

Where:

Actual MWh Withdrawal is the quantity of MWh withdrawn at the Point of Delivery identified in the Transmission Customer's Transmission Service schedule, in an hour.

The amount shall be determined by: (1) measurement with a revenue-quality meter; (2) assessment in accordance with a Transmission Owner's PSC-approved retail access program or LIPA's lawfully established retail access program where the customer's demand is not measured by a revenue-quality meter; or (3) using a method agreed to by the customer and the applicable Transmission Owner until such time as a revenue-quality meter is available.

D. Retail Transmission Service Charge ("RTSC")

The rates and charges for retail transmission service are described in Part IV of this Tariff.

E. NYPA Transmission Adjustment Charge (“NTAC”)

LSEs serving retail access Load will be charged an NTAC consistent with each Transmission Owner's retail access program pursuant to Section 7 of this Tariff. The Transmission Customer shall pay to the ISO each month the NTAC. NTAC (in \$) is calculated as follows:

1. For Exports and Wheels Through

$$\text{NTAC} = \text{Scheduled Amount} \times \text{NTAC Rate}$$

Where:

NTAC Rate is the rate listed and described in Attachment H.

Scheduled Amount is the amount of MWh scheduled in each hour for that month for Network Integration Transmission Service by the Transmission Customer.

2. For Imports and Internals Wheels

$$\text{NTAC} = \text{Actual MWh Withdrawals} \times \text{NTAC Rate}$$

Where:

NTAC Rate is the rate listed and described in Attachment H.

Actual MWh Withdrawal is the quantity of MWh withdrawn at the Point of Delivery identified in the Transmission Customer's Transmission Service

schedule, in an hour. The amount shall be determined by: (1) measurement with a revenue-quality meter; (2) assessment in accordance with a Transmission Owner's PSC-approved retail access program or LIPA's lawfully established retail access program where the customer's demand is not measured by a revenue-quality meter; or (3) using a method agreed to by the customer and the applicable Transmission Owner until such time as a revenue-quality meter is available.

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