

OATT (Definitions)

Fourth Revised Sheet No. 21

I. COMMON SERVICE PROVISIONS

1.0 Definitions

Actual Energy Injections: Energy injections that are measured using a revenue-quality real-time meter.¹

1.0a Actual Energy Withdrawals: Energy withdrawals which are either: (1) measured with a revenue-quality real-time meter; (2) assessed (in the case of LSEs serving retail customers where withdrawals are not measured by revenue-quality real-time meters) on the basis provided for in a Transmission Owner's retail access program; or (3) calculated (in the case of wholesale customers where withdrawals are not measured by revenue-quality real-time meters), until such time as revenue-quality real-time metering is available on a basis agreed upon by the unmetered wholesale customers. For purposes of the allocation of the ISO annual budget costs pursuant to Rate Schedule 1 of this ISO OATT, withdrawals shall also include the absolute value of negative withdrawals by Load for behind the meter generation.

Injection Billing Units: A Transmission Customer's Actual Energy Injections (for all internal injections) or Scheduled Energy Injections (for all Import Energy injections) in the New York Control Area, including injections for Wheels Through.² For purposes of Rate Schedule 1 and Rate Schedule 11 of this ISO OATT, (i) a Limited Energy Storage Resource shall be responsible for charges or eligible for payments on the basis only of its Actual Energy Injections³ and (ii) a Day-Ahead Demand Reduction Provider's Demand Reduction shall be included as Injection Billing Units.⁴ For purposes of recovering the ISO annual budget

¹ The definition of "Actual Energy Injections" is from Section 2.1 of the Services Tariff.

² The definition of "Injection Billing Unit" is derived from Section 2 of Rate Schedule 1 of the Services Tariff and Section 2.A of Rate Schedule 1 of the OATT.

³ The substance of this sentence was originally located in Section 4.1.6 of the Services Tariff. This language will be deleted from its original location to avoid duplication.

⁴ Under the proposed revisions, the substance of this sentence will also be applicable to the definition of the term Injection Billing Units for the determination of penalty allocations under Rate Schedule 11 of the OATT. This application is not expressly provided for under the existing NYISO tariffs.

costs pursuant to Rate Schedule 1 of this ISO OATT, Injection Billing Units shall include the absolute value of negative injections by pump storage facilities.

Ninth Revised Sheet No. 49

1.39d.01 Scheduled Energy Injections: Energy injections ~~that~~^{which} are scheduled on a real-time basis by RTD.

Scheduled Energy Withdrawals: Energy withdrawals that are scheduled on a real-time basis by RTD.

Withdrawal Billing Units: A Transmission Customer's Actual Energy Withdrawals (for all internal withdrawals) or Scheduled Energy Withdrawals (for all Export Energy withdrawals), including withdrawals for Wheels Through.⁵

⁵ The definition of "Withdrawal Billing Unit" is derived from Section 2 of Rate Schedule 1 of the Services Tariff and Section 2.A of Rate Schedule 1 of the OATT.

OATT (Rate Schedule 1)⁶

RATE SCHEDULE 1^{7,8}

ISO ANNUAL BUDGET CHARGE AND OTHER NON-BUDGET CHARGES AND PAYMENTS

1. Introduction

The ISO shall bill each Transmission Customer⁹ on a monthly basis¹⁰ to recover the ISO's annual budgeted costs as set forth in Article 2 of this Rate Schedule 1.

⁶ The proposed revisions reflect current NYISO practice and do not modify the manner in which the NYISO calculates Rate Schedule 1 charges and payments, except for (i) a minor change to the metering data that the NYISO uses to calculate the NERC and NPCC charge as set forth in the proposed Article 3 of this Rate Schedule 1 and (ii) a floor on how low the rate for calculating annual budgeted costs for non-physical market activity can be set (i.e., \$0/billing unit) in the proposed Section 2.4.D of this Rate Schedule 1. Instead, the proposed revisions clarify ambiguous and unclear language in the calculation methodologies set forth in the existing Rate Schedule 1 provisions. Due to the relocation of a large number of the Rate Schedule 1 provisions and the conversion of numerous provisions into formulas, this document has not been redlined against the original. Footnotes indicate where the content of the revised provisions was initially located in Rate Schedules 1 of the OATT and Services Tariff and describe whether any of the modifications to the provisions change the substance of the original provisions.

⁷ As part of the proposed revisions, the NYISO proposes to delete the following parts of Rate Schedules 1 of the Services Tariff and OATT: (i) The NYISO proposes to delete the "ISO Start-Up and Formation Costs" component set forth in Sections 3.C and 4.B of Rate Schedule 1 of the Services Tariff. All of the costs associated with this component have been collected. (ii) The NYISO also proposes to delete the historical "Scheduling, System Control, and Dispatch" language in the preamble of Schedule 1 of the OATT. The pro forma language does not accurately describe all of the types of costs that the NYISO recovers through Rate Schedule 1. The costs associated with scheduling, system control, and dispatch only make up a portion of the costs that the NYISO recovers through Rate Schedule 1. This change will require conforming changes within the tariffs, including Section 3.0 of the OATT, Section 2.4 of the Services Tariff, and Section 1.0 of Schedule 4 of the OATT to replace related historical language.

⁸ As part of the proposed revisions, the requirements for executing a service agreement set forth in Section 1.B of Rate Schedule 1 of the Services Tariff will be relocated to the body of the Service Tariff. The NYISO will relocate such requirements to Section 4.1.6 ("Customer Responsibilities") of the Services Tariff.

⁹ This revised Rate Schedule 1 will apply to "Customers" taking service under the NYISO Services Tariff and "Transmission Customers" taking service under the NYISO OATT. A cross-reference to Rate Schedule 1 in the OATT will replace the existing Rate Schedule 1 of the Services Tariff. The cross-reference in Rate Schedule 1 of the Services Tariff will provide that

The ISO shall separately bill each Transmission Customer under this Rate Schedule 1 for certain other charges and payments not related to the ISO annual budget charge. Specifically, the ISO shall bill each Transmission Customer on a quarterly basis to recover NERC and NPCC charges as set forth in Article 3 of this Rate Schedule 1. The ISO shall also bill each Transmission Customer on a monthly basis to recover the following costs or allocate the following received payments under this Rate Schedule 1:

- (i) bad debt loss charges as set forth in Article 4;
- (ii) Working Capital Fund charges as set forth in Article 5;
- (iii) non-ISO facilities payment charges as set forth in Article 6;
- (iv) charges to recover costs for payments made to Suppliers pursuant to incremental cost recovery for units that responded to Local Reliability Rules I-R3 and I-R5 as set forth in Article 7;
- (v) charges to recover and payments to allocate residual costs as set forth in Article 8;
- (vi) charges for Special Case Resources and Curtailment Service Providers called to meet reliability needs as set forth in Article 9;
- (vii) charges to recover DAMAP costs as set forth in Article 10;
- (viii) charges to recover Import Curtailment Guarantee Payment costs as set forth in Article 11;
- (ix) charges to recover Bid Production Cost guarantee payment costs as set forth in Article 12;
- (x) charges to recover and payments to allocate settlements of dispute resolution proceedings as set forth in Article 13; and
- (xi) payments to allocate financial penalties collected by the ISO as set forth in Article 14.

the term “Transmission Customers” as used in Rate Schedule 1 of the OATT will apply to both Customers and Transmission Customers.

¹⁰ The content of this provision regarding the monthly and quarterly payment obligations was originally located in Sections 2 and 2.B of Rate Schedule 1 of the OATT and Sections 2 and 3 of Rate Schedule 1 of the Services Tariff. The content of this provision has not been substantively modified through the proposed revisions.

Transmission Customers who are retail access customers being served by an LSE shall not pay these charges to the ISO; the LSE shall pay these charges.¹¹

2. ISO Annual Budget Charge¹²

The ISO shall charge, and each Transmission Customer shall pay, a charge for the ISO's recovery of its annual budgeted costs. The ISO annual budgeted costs that are recoverable through this Rate Schedule 1 are set forth in Section 2.1 of this Rate Schedule 1. The ISO shall calculate the charge for the recovery of these ISO annual budgeted costs from each Transmission Customer on the basis of its participation in physical market activity as indicated in Section 2.2 of this Rate Schedule 1. The ISO shall calculate this charge for each Transmission Customer on the basis of its participation in non-physical market activity, the Special Case Resource program, and the Emergency Demand Response program as indicated in Section 2.4 of this Rate Schedule 1. The ISO shall credit the revenue collected through Section 2.4 of this Rate Schedule 1 to each Transmission Customer on the basis of its physical market activity as indicated in Section 2.5 of this Rate Schedule 1.

2.1 ISO Annual Budgeted Costs^{13,14}

The ISO annual budgeted costs to be recovered through Article 2 of this Rate Schedule 1 include, but are not limited to, the following costs associated with the operation of the NYS Transmission System by the ISO and the administration of the ISO Tariffs and ISO Related Agreements¹⁵ by the ISO:¹⁶

¹¹ This sentence is from Section 1 of Schedule 1 of the OATT.

¹² The current Rate Schedule 1 provisions of the Services Tariff and the OATT describe the charge for the recovery of the NYISO's annual budgeted costs as the "ISO Annual Budget and FERC Regulatory Fees" component. However, FERC Regulatory Fees are just one of the categories of costs the NYISO recovers as part of its annual budget. The proposed revisions treat "FERC Regulatory Fees" in the same manner as all other categories of costs recovered through the NYISO's annual budget.

¹³ Section 2.1 consolidates the ISO costs lists in Section 4 of Rate Schedule 1 of the Services Tariff and Section 3 of Rate Schedule 1 of the OATT.

¹⁴ As part of the proposed revisions, the NYISO removed the following language from Section 4.B of Rate Schedule 1 of the Services Tariff: "Where costs, expenses, or receipts are incurred on a basis other than a monthly basis, the NYISO shall use reasonable judgment consistent with commonly accepted accounting practices to develop the monthly components." The NYISO does not develop such monthly components to invoice annual and quarterly costs.

¹⁵ The current costs descriptions in Rate Schedule 1 of the Services Tariff and Rate Schedule 1 of the OATT do not expressly indicate that the NYISO can recover costs associated with the administration of its agreements.

- 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;
- Costs related to the ISO's administration and operation of the LBMP market and all other markets administered by the ISO;¹⁷
- Costs related to the ISO's administration of Control Area Services;¹⁸
- Costs related to the ISO's administration of the ISO's Market Power Mitigation Measures and the ISO's Market Monitoring Plan;¹⁹
- Costs related to the maintenance of reliability in the NYCA;
- Costs related to the provision of Transmission Service;²⁰
- Preparation of settlement statements;²¹

¹⁶ The following language from Section 4.A of Rate Schedule 1 of the Services Tariff was not included here: "and the costs incurred by the ISO that are 'directly assignable' to the services provided by the ISO under this Tariff that are not recoverable under Rate Schedule 1 of the ISO OATT."

¹⁷ The category "Costs related to the ISO's administration and operation of the LBMP market and all other markets administered by the ISO" replaced the following categories, which did not address all of the NYISO markets (e.g., TCCs): "Costs related to the ISO's administration of the LBMP Markets" and "Costs related to the ISO's administration of the Installed Capacity requirements and an Installed Capacity Market."

¹⁸ The following language was unnecessary and was removed: ", other than Ancillary Services provided under the ISO OATT."

¹⁹ The term "ISO Market Power Monitoring Program" was replaced by "ISO's Market Power Mitigation Measures and the ISO's Market Monitoring Plan," which is consistent with the NYISO's current market monitoring terminology.

²⁰ The category "Costs related to the provision of Transmission Service" replaced the following category: "Billing associated with Transmission Service provided under this Tariff."

- 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;
- Record keeping and auditing;
- Training of ISO personnel;
- Development and maintenance of information, communication and control systems;²²
- Professional services;
- Carrying costs on ISO assets, capital requirements and debts;²³
- Tax expenses, if any;
- Administrative and general expenses;
- Insurance premiums and deductibles related to ISO operations;²⁴
- Any indemnification of or by the ISO pursuant to Section 10.2 of this ISO OATT or Section 12.4 of the Services Tariff;²⁵

²¹ The following two costs components were removed “Rebilling which supports this service,” and “Dispute Resolution.” Note that Dispute Resolution-related costs are recovered below in the proposed Article 13 of Rate Schedule 1.

²² The proposed revisions include the following changes to this category: “Development and maintenance of new information, communication and control systems.”

²³ “Working capital costs” were removed from this category as the NYISO recovers such costs through a separate charge under this Rate Schedule 1.

²⁴ The category “Insurance premiums and deductibles related to ISO operations” replaced “Insurance expenses, including costs incurred by the Board to procure credit insurance to protect against losses attributable to nonpayment by Customers.”

²⁵ The category “Costs that the ISO incurs as a result of bad debt, including finance charges” was removed as the NYISO recovers such costs through a separate charge under this Rate Schedule 1.

- Regulatory fees; and²⁶
- The ISO’s share of the expenses of Northeast Power Coordinating Council, Inc. or its successor.

2.2 Calculation of the ISO Annual Budget Charge for Transmission Customers Participating in Physical Market Activity²⁷

The ISO shall charge, and each Transmission Customer that participates in physical market activity shall pay, an ISO annual budget charge on a monthly basis as calculated according to the following formula.

ISO Annual Budget Charge_{c,M} =

$$\left(\text{InjectionUnits}_{c,M} \times \left(.2 \times \frac{\text{ISOCosts}_{\text{Annual}}}{\text{TotalEstWithdrawalUnits}_{\text{Annual}}} \right) \right) + \left(\text{WithdrawalUnits}_{c,M} \times \left(.8 \times \frac{\text{ISOCosts}_{\text{Annual}}}{\text{TotalEstWithdrawalUnits}_{\text{Annual}}} \right) \right)$$

Where:

c = Transmission Customer.

M = The relevant month.

²⁶ The category “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” was removed as the refunds at issue in these dockets have been issued.

²⁷ The content of this provision was originally located in Sections 2.A, 2.B.1.a, 2.B.1.b, and 2.B.1.c of Rate Schedule 1 of the OATT and Sections 2, 3.A.1, 3.A.2, and 3.A.3 of Rate Schedule 1 of the Services Tariff. The calculation methodology for the ISO annual budget charge set forth in these provisions has been converted into a formula. Note that the proposed formula clarifies the manner in which the NYISO calculates the rate that is applied to injection billing units. The existing Section 2.B.1.b of Rate Schedule 1 of the OATT and Section 3.A.2 of Rate Schedule 1 of the Services Tariff provide that the denominator for this rate determination is “total annual estimated injection billing units.” However, in practice, the NYISO uses “total annual estimated withdrawal billing units” for this determination. The proposed formula reflects current NYISO practice.

ISO Annual Budget Charge_{c,M} = The amount, in \$, of the ISO annual budgeted costs for which Transmission Customer c is responsible for month M.

ISOCosts_{Annual} = The sum, in \$, of the ISO's annual budgeted costs for the current calendar year.

InjectionUnits_{c,M} = The Injection Billing Units, in MWh, for Transmission Customer c in month M.

WithdrawalUnits_{c,M} = The Withdrawal Billing Units, in MWh, for Transmission Customer c in month M.

TotalEstWithdrawalUnits_{Annual} = The sum, in MWh, of estimated Withdrawal Billing Units for all Transmission Customers in the current calendar year as determined by the ISO in the summer prior to the current calendar year.

2.3 Review and Modification of the ISO Annual Budget Charge Allocation Methodology²⁸

The current 80%/20% cost allocation methodology between Withdrawal Billing Units and Injection Billing Units for the ISO annual budget charge shall remain unchanged through at least December 31, 2011, and shall continue to remain unchanged until such point in time that a study is conducted and the results of the study warrant changing the 80%/20% cost allocation.

The following provisions prescribe the process and timeline for the review and, if warranted by the results of a future study, modification of the 80%/20% cost allocation on a going forward basis:

(i) A vote of the Management Committee will be taken in the third calendar quarter of 2010 on whether a new study should be conducted during late-2010 and 2011 to allow modification of the 80%/20% cost allocation, if warranted by the results of the study, to be implemented by January 1, 2012. A positive vote by 58% of the Management Committee will be required to go forward with the study, but there will no longer be a "material change" standard as was historically applied to the determination of whether a study should be conducted.

(ii) If the Management Committee vote discussed in (i) above determines that a study should not be conducted, the 80%/20% cost allocation between Withdrawal Billing Units and Injection Billing Units shall be extended through at least December 31, 2012. In the third calendar quarter of 2011, a vote will be taken on whether a new study should be

²⁸ The content of this provision was originally located in Section 2.B.1.a of Rate Schedule 1 of the OATT and Section 3.A.1 of Rate Schedule 1 of the Services Tariff. The content of this provision has not been substantively modified in the proposed revisions.

MIWG - May 24, 2010
FOR DISCUSSION PURPOSES ONLY

conducted during late-2011 and 2012 to allow modification of the percentage allocation, if warranted by the results of the study, to be implemented by January 1, 2013. Unless a 58% vote of the Management Committee is registered in favor of declining to go forward with the study, the study will be conducted.

(iii) If the Management Committee vote in the third calendar quarter of 2011 discussed in (ii) above determines that a study should not be conducted, the current 80%/20% cost allocation shall remain unchanged until such point in time as the Management Committee determines that a study shall be conducted and the results of that study warrant changing the percentage allocation between Withdrawal Billing Units and Injection Billing Units. If the Management Committee vote in the third calendar quarter of 2011 discussed in (ii) above determines that a study should not be conducted, the Management Committee will revisit the issue of conducting a study annually in the third calendar quarter of each year using the same voting standard (*i.e.* the study shall be performed unless 58% of the Management Committee votes not to commission the study) that was applied to the Management Committee vote in the third calendar quarter of 2011 discussed in (ii) above.

(iv) If, and when, the Management Committee determines a study shall be conducted:

- (a) Such study shall be completed, and the results thereof shared with Market Participants, before the end of the second calendar quarter of the year prior to the date on which a possible change to the then current allocation may become effective; and
- (b) The ISO will present a draft study scope to Market Participants for consideration and comment before the ISO issues the study scope as part of its Request For Proposal process to retain a consultant to perform the study. A meeting shall be held with Market Participants to discuss the components (*e.g.*, categories of costs considered, allocation of benefits, unbundling, etc.) that should be included in the draft study scope before the draft is issued by the ISO.

2.4 Calculation of the ISO Annual Budget Charge for Transmission Customers Participating in Non-Physical Market Activity, the Special Case Resource Program, or the Emergency Demand Response Program

A. Charge for Transmission Customers Engaging in Virtual Transactions²⁹

The ISO shall charge, and each Transmission Customer that has its virtual bids accepted and thereby engages in Virtual Transactions shall pay,³⁰ a charge for such activity on a monthly basis as calculated according to the following formula.

$$VTCharge_{c,M} = VTRate \times VTCleared_{c,M}$$

Where:

c = Transmission Customer.

M = The relevant month.

$VTCharge_{c,M}$ = The amount, in \$, for which Transmission Customer c is responsible for month M.

VTRate = For calendar year 2010, the applicable rate shall be \$0.065 per cleared MWh of Virtual Transactions, based on a \$2.0 million projected 2010 annual revenue requirement. For calendar years following 2010, the applicable rate shall be calculated in accordance with the formula set forth in Section 2.4.D of this Rate Schedule 1.³¹

$VTCleared_{c,M}$ = The total cleared Virtual Transactions, in MWh, for Transmission Customer c in month M.

²⁹ The content of Section 2.4.A was originally located in Sections 2.A (Sheet 232.00) and 2.B.1.d (Sheet 232B) of Rate Schedule 1 of the OATT and Sections 2 (Sheet No. 252) and 3.A.4 (Sheet 252A) of Rate Schedule 1 of the Services Tariff. The calculation methodology for the charge for Transmission Customers engaging in Virtual Transactions has been converted into a formula. The content of this provision has not been substantively modified in the proposed revisions.

³⁰ The content of this clause was originally located in Section 1 of Rate Schedule 1 of the OATT and Section 1.B of Rate Schedule 1 of the Services Tariff. The content of this provision has not been substantively modified in the proposed revisions.

³¹ The content of the rate re-set calculation originally located in Section 2.B.1.d.(ii) of Rate Schedule 1 of the OATT and Section 3.A.4(ii) of Rate Schedule 1 of the Services Tariff is addressed in Section 2.4.D below.

B. Charge for Transmission Customers Purchasing Transmission Congestion Contracts³²

The ISO shall charge, and each Transmission Customer that purchases Transmission Congestion Contracts - excluding Transmission Congestion Contracts that are created prior to January 1, 2010 - shall pay,³³ a charge for such activity on a monthly basis as calculated according to the following formula.

$$\text{TCCCharge}_{c,M} = \text{TCCRate} \times \text{TCCSettled}_{c,M}$$

Where:

c = Transmission Customer.

M = The relevant month.

TCCCharge_{c,M} = The amount, in \$, for which Transmission Customer c is responsible for month M.

TCCRate = For calendar year 2010, the applicable rate shall be \$0.020 per settled MWh of Transmission Congestion Contracts, based on a \$6.7 million projected 2010 annual revenue requirement. For calendar years following 2010, the applicable rate

³² The content of Section 2.4.B was originally located in Sections 2.A (Sheet 232.00) and 2.B.1.d (Sheet 232B) of Rate Schedule 1 of the OATT and Sections 2 (Sheet 252) and 3.A.4 (Sheet 252A) of Rate Schedule 1 of the Services Tariff. The calculation methodology for the charge for Transmission Customers that purchase TCCs has been converted into a formula. The content of this provisions has not been substantively modified in the proposed revisions.

³³ The content of this clause was originally located in Section 1 of Rate Schedule 1 of the OATT and Section 1.B of Rate Schedule 1 of the Services Tariff. The content of this provision has not been substantively modified in the proposed revision. The existing Rate Schedule 1 provision did include a placeholder for the relevant date indicating for which TCCs this provision will apply. The NYISO left the placeholder in the initial tariff sheets and indicated to the Commission that it would make a ministerial filing to include the relevant date once the tariff sheets were approved. See the NYISO's October 23, 2009, filing letter in Docket No. ER10-95-000 ("The NYISO is therefore proposing to apply the charges to TCCs purchased on or after the effective date of the Commission's order accepting these revisions."). The NYISO requested a January 1, 2010 effective date in its filing letter. The Commission accepted the revised tariff sheets on December 2, 2009. Through the proposed revisions, the NYISO will insert the January 1, 2010, date.

shall be calculated in accordance with the formula set forth in Section 2.4.D of this Rate Schedule 1.³⁴

$TCCSettled_{c,M}$ = The total settled Transmission Congestion Contracts, excluding Transmission Congestion Contracts created prior to January 1, 2010, in MWh, for Transmission Customer c in month M.

C. Charge for Transmission Customers Participating in the Special Case Resource Program or Emergency Demand Response Program³⁵

The ISO shall charge, and each Transmission Customer that participates in the ISO's Special Case Resources program or its Emergency Demand Response program shall pay, a charge for such activity on a monthly basis as calculated according to the following formula.

SCR and EDR Charge_{c,M} =

$$DRInjections_{c,M} \times \left(.2 \times \frac{ISOCosts_{Annual}}{TotalEstWithdrawalUnits_{Annual}} \right)^{36}$$

Where:

c = Transmission Customer.

M = The relevant month.

SCR and EDR Charge_{c,M} = The amount, in \$, for which Transmission Customer c is responsible for month M.

³⁴ The content of the rate re-set calculation originally located in Section 2.B.1.d.(ii) of Rate Schedule 1 of the OATT and Section 3.A.4(ii) of Rate Schedule 1 of the Services Tariff is addressed in Section 2.4.D below.

³⁵ The content of Section 2.4.C was originally located in Sections 2.A (Sheet 232.00) and 2.B.1.e (Sheet 232B.01) of Rate Schedule 1 of the OATT and Section 2 (Sheet 252) and 3.A.5 (Sheet 252A.01) of Rate Schedule 1 of the Services Tariff. The calculation methodology for the charge for Transmission Customers that participate in the Special Case Resources program or the Emergency Demand Response program has been converted into a formula. The content of this provision has not been substantively modified in the proposed revisions.

³⁶ The inclusion of the formula here replaces the need for the following language in Section 2.B.1(e) of Rate Schedule 1 of the OATT and Section 3.A.5 of Rate Schedule 1 of the Services Tariff: "The rate will be reset annually to match the current calendar year's rate for injections."

$DRInjections_{c,M}$ = The total Load reduction, in MWh, measured and compensated during testing or an actual event for Transmission Customer c in month M.³⁷

$ISOCosts_{Annual}$ = The sum, in \$, of the ISO's annual budgeted costs in the current calendar year.

$TotalEstWithdrawalUnits_{Annual}$ = The sum, in MWh, of estimated Withdrawal Billing Units for all Transmission Customers in the current calendar year as determined by the ISO in the summer prior to the current calendar year.

D. Re-setting of Rate for Virtual Transaction and Transmission Congestion Contracts Related Charges³⁸

For each calendar year after calendar year 2010, the ISO shall use the following formula to calculate (i) the rate for the charge to Transmission Customers engaging in Virtual Transactions as determined in Section 2.4.A of this Rate Schedule 1, and (ii) the rate for the charge to Transmission Customers purchasing Transmission Congestion Contracts as determined in Section 2.4.B of this Rate Schedule 1.

$$\text{ResetRate} = \frac{\text{AnnRevRequirement} - \text{Over/UnderCollection}}{\text{3YearRollingAvgBillUnits}}$$

Where:

ResetRate = For each calendar year after calendar year 2010, this rate will be used for either (i) the VTRate in the formula in Section 2.4.A of this Rate Schedule 1, or (ii) the TCCRate in the formula in Section 2.4.B of this Rate Schedule 1.

AnnRevRequirement = The product, in \$, of (i) the prior year's annual revenue requirement for either (A) Virtual Transaction market activity or (B) Transmission Congestion Contract market activity, and (ii) an escalation factor. The ISO shall calculate the escalation factor as the percentage change in the ISO budget between (i) the ISO budget for the calendar year two years prior to the current calendar year

³⁷ The NYISO clarifies in the proposed revisions the meaning of the applicable billing units, which the existing Rate Schedule 1 describes as "total compensable injection MWh."

³⁸ The content of Section 2.4.D was originally located in Section 2.B.1.d(ii) (Sheets 232B and 232B.00) of Rate Schedule 1 of the OATT and Section 3.A.4(ii) of Rate Schedule 1 of the Services Tariff. The calculation methodology for the rate re-set has been converted into a formula. The content of these provisions has not been substantively modified; however, additional language has been included to clarify how the variables in the formula are determined as indicated in the following footnotes.

(“Calendar Year Minus 2”) and (ii) the ISO budget for the calendar year one year prior to the current calendar year (“Calendar Year Minus 1”).³⁹

Over/Under Collection⁴⁰ = The ISO shall calculate the amount, in \$, that it has over or under collected for the prior year’s annual revenue requirement for either (A) Virtual Transaction market activity or (B) Transmission Congestion Contract market activity, as the case may be, as follows. (i) The ISO shall divide the annual revenue requirements for the applicable market activity for Calendar Year Minus 2 and for Calendar Year Minus 1 into twelve equal monthly revenue requirements for each of these calendar years. (ii) The ISO shall then calculate the amount of revenue, in \$, that it over or under collected for each of the months from July of Calendar Year Minus 2 through June of Calendar Year Minus 1, which shall be calculated as (A) the revenue amount, in \$, that the ISO collected for each month for the applicable market activity, minus (B) the monthly revenue requirement, in \$, for that month as determined above. If the result of this calculation is positive, then the ISO overcollected for that month. If the result of this calculation is negative, then the ISO undercollected for that month. (iii) The ISO shall then calculate the total over or under collection amount, in \$, for the period of July of Calendar Year Minus 2 through June of Calendar Year Minus 1, which shall be equal to (A) the sum, in \$, of the revenue that the ISO overcollected for each month during this period (i.e., the sum of the positive monthly results determined above), minus (B) the sum, in \$, of the absolute value of the revenue that the ISO undercollected for each month during this period (i.e., the sum of the absolute value of the negative monthly results determined above).

3YearRollingAvgBillUnits = The ISO shall calculate the three year rolling average of billing units, in MWh, using twelve-month⁴¹ averages of the appropriate billing units for the period between July of the calendar year four years prior to the current calendar year (“Calendar Year Minus 4”) and June of Calendar Year Minus 1.

³⁹ The original language in Rate Schedule 1 only describes the calculation of the escalation factor. The proposed revision includes additional language to clarify how the annual revenue requirement is determined (i.e., the prior year’s revenue requirement amount multiplied by the escalation factor).

⁴⁰ The proposed revision includes additional language to clarify how the NYISO determines the overcollection and undercollection amounts. The addition language does not substantively change this provision.

⁴¹ The term “twelve-month” was used in place of the original “annual” because the annual requirements cover January through December.

The annual rate computed through the formula in this Section 2.4.D shall be subject to a 25% maximum increase or decrease for each year; *provided, however*, that the rate cannot be reset at a rate less than \$0/billing unit.⁴²

2.5 Credit for Transmission Customers Participating in Physical Market Activity⁴³

The ISO shall distribute on a monthly basis the revenue collected pursuant to Section 2.4 of this Rate Schedule 1 to each Transmission Customer that participates in physical market activity as calculated according to the following formula.

ISO Annual Budget Credit_{c,M} =

$$\left(\text{NonPhysicalActivityRevenue}_M \times \left(.2 \times \frac{\text{InjectionUnits}_{c,M}}{\text{TotalInjectionUnits}_M} \right) \right) +$$
$$\left(\text{NonPhysicalActivityRevenue}_M \times \left(.8 \times \frac{\text{WithdrawalUnits}_{c,M}}{\text{TotalWithdrawalUnits}_M} \right) \right)$$

Where:

c = Transmission Customer.

M = The relevant month.

ISO Annual Budget Credit_{c,M} = The amount, in \$, that Transmission Customer c will receive for month M.

NonPhysicalActivityRevenue_M = The sum, in \$, of the revenue collected by the ISO for month M through the charges to Transmission Customers for non-physical market activity, the Special Cases Resource program, and the Emergency Demand Response program as calculated in Section 2.4 of this Rate Schedule 1.

⁴² The NYISO proposes to revise this provision to establish that such rate cannot be reset at a rate less than \$0/billing unit. This change was initially proposed in the NYISO's August 26, 2009, Management Committee presentation regarding annual budgeted costs for non-physical market activity, but was not included in the tariff revisions at that time.

⁴³ The content of this provision was originally located in Sections 2.B.1.d(ii) (Sheet 232B.00) and 2.B.1.e (Sheet 232B.01) of Rate Schedule 1 of the OATT and Sections 3.A.4(ii) (Sheet 252A.00) and 3.A.5 (Sheet 252A.01) of Rate Schedule 1 of the Services Tariff. The calculation methodology for distributing certain costs recovered by the NYISO has been converted into a formula. The content of this provision has not been substantively modified in the proposed revisions.

$\text{InjectionUnits}_{c,M}$ = The Injection Billing Units, in MWh, for Transmission Customer c in month M .

$\text{WithdrawalUnits}_{c,M}$ = The Withdrawal Billing Units, in MWh, for Transmission Customer c in month M .

$\text{TotalInjectionUnits}_M$ = The sum, in MWh, of Injection Billing Units for all Transmission Customers in month M .

$\text{TotalWithdrawalUnits}_M$ = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in month M .

3. NERC and NPCC Charges⁴⁴

The ISO shall charge on a quarterly basis, and each Transmission Customer taking service under the ISO Tariffs shall pay, a charge in accordance with Section 3.1 of this Rate Schedule 1 for the recovery of the costs related to the dues, fees, and related charges of:

- (i) the NERC for its service as the Electric Reliability Organization for the United States (“ERO”), recovered pursuant to FERC Docket Nos. RM05-30-000, RR06-1-000 and RR06-3-000 and related dockets, and
- (ii) the Northeast Power Coordinating Council: Cross-Border Regional Entity, Inc. (“NPCC”), or its successors, incurred to carry out functions that are delegated by the NERC and that are related to ERO matters pursuant to Section 215 of the FPA.

Notwithstanding any applicable provisions of this ISO OATT or of the ISO Services Tariff, the ISO may supply to NERC the name of any LSE failing to pay any amounts due to NERC and the amounts not paid.

3.1 Calculation of NERC and NPCC Charges⁴⁵

The ISO shall charge, and each Transmission Customer shall pay, a charge on a quarterly basis that is equal to the sum of the previous three months of monthly NERC and NPCC charges for the Transmission Customer, as calculated according to the following formula, for each month.

⁴⁴ The content of this provision was originally located in Section 2.B.5 of Rate Schedule 1 of the OATT. The content of this provision was not substantively modified by the proposed revisions.

⁴⁵ The content of this provision was originally located in Section 2.B.5 of Rate Schedule 1 of the OATT. The calculation methodology for the NERC and NPCC charge has been converted into a formula. The proposed revisions included one change described in the following footnote. There were no other substantive modifications to this provision.

$$\text{NERC and NPCC Charge}_{c,M} = \text{NERC \& NPCC}_M \times \frac{\text{WithdrawalUnits}_{c,M}}{\text{TotalWithdrawalUnits}_M}$$

Where:

c = Transmission Customer.

M = The relevant month.

NERC and NPCC Charge $_{c,M}$ = The amount, in \$, for which Transmission Customer c is responsible for month M .

NERC&NPCC $_M$ = The ISO's NERC and NPCC costs, in \$, for month M .

WithdrawalUnits $_{c,M}$ = The Withdrawal Billing Units, in MWh, for Transmission Customer c in month M , except for Withdrawal Billing Units for Wheels Through and Exports.

TotalWithdrawalUnits $_M$ = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in month M , except for Withdrawal Billing Units for Wheels Through and Exports.

In calculating the NERC and NPCC charge, the ISO shall use the LSE bus meter data that have been submitted by the meter authorities for use in the calculation of the four-month true-up of the Transmission Customer's monthly invoice pursuant to Section 7.4.2.A(ii) and (iii) of the ISO Services Tariff and Section 7.2A.2a(ii) and (iii) of this ISO OATT. This calculation of the NERC and NPCC charge shall not be subject to correction or adjustment.⁴⁶

⁴⁶ The revised language replaces the following provision from Section 2.B.5 of Rate Schedule 1 as the NYISO does not have finalized meter data available when it calculates this charge: "In making this determination, the ISO shall use the Load metering information for the most recent months for which actual Load meter data are available for invoices issued through August 31, 2007 and shall use finalized actual Load metering data no longer subject to challenge for invoices issued on or after September 1, 2007. The metering information shall not be subject to correction or adjustment."

4. Bad Debt Loss Charge⁴⁷

The ISO shall charge, and each Transmission Customer shall pay, a charge for the collection of costs related to bad debt losses in accordance with the methodology established in Attachment U of this ISO OATT.

5. Working Capital Fund Charge

The ISO shall charge, and each Transmission Customer shall pay, a charge for the collection and maintenance of the Working Capital Fund in accordance with the methodology established in Attachment V of this ISO OATT.

6. Non-ISO Facilities Payment Charge⁴⁸

The ISO shall charge, and each Transmission Customer shall pay, a charge in accordance with Section 6.1 of this Rate Schedule 1 for the recovery of the costs of the ISO's monthly payments to the owners of facilities that are needed for the economic and reliable operation of the NYS Transmission System. At present, the ISO makes such payments to:

- (i) Consolidated Edison Co. of New York, Inc. for the purchase, installation, operation, and maintenance of phase angle regulators at the Branchburg-Ramapo Interconnection between the ISO and PJM Interconnection, LLC, and
- (ii) Rochester Gas & Electric Corporation for the installation of a 135 MVAR Capacitor Bank at Rochester Station 80 on the cross-state 345 kV system.

⁴⁷ The existing Rate Schedule 1 of the OATT does not expressly provide that bad debt loss and Working Capital Fund charges are recovered through Rate Schedule 1, but simply indicates that such costs are allocated through Attachments U and V of the ISO OATT. (See Section 2.B.2 of Rate Schedule 1 of the OATT). The proposed revisions expressly provide for the recovery of such costs through Rate Schedule 1.

⁴⁸ The content of this provision was originally located in Section 2.B.3.a of Rate Schedule 1 of the OATT. The content of this provision has not been substantively modified in the proposed revisions.

6.1 Calculation of Non-ISO Facilities Payment Charge

A. Transmission Customer Not Supplying Station Power Under Part IV of this ISO OATT.⁴⁹

The ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, a charge for each month that is equal to the sum of the hourly non-ISO facilities payment charges for the Transmission Customer, as calculated according to the following formula, for each hour in the relevant month.

Non-ISO Facilities Payment Charge_{c,h} =

$$\frac{\text{NonISOFacilitiesCosts}_M}{N} \times \frac{\text{WithdrawalUnits}_{c,h}}{\text{TotalWithdrawalUnits}_h}$$

Where:

c = Transmission Customer.

M = The relevant month.

h = A given hour in month M.

N = Total number of hours h in month M.

Non-ISO Facilities Payment Charge_{c,h} = The amount, in \$, for which Transmission Customer c is responsible for hour h.

NonISOFacilitiesCosts_M = The sum, in \$, of the ISO's bills for month M for the non-ISO facilities from (i) Consolidated Edison Co. of New York (less the one-half of such bill paid by PJM Interconnection, LLC) and (ii) Rochester Gas and Electric Corporation.

⁴⁹ The content of this provision was originally located in Sections 2.A and 2.B.3.a of Rate Schedule 1 of the OATT. The calculation methodology for the non-ISO facilities payment charge has been converted into a formula. The original language regarding this charge could be read to require the NYISO to multiply the result of the calculation methodology (presented in the formula above) by a customer's Withdrawal Billing Units. This would result in an over-recovery by the NYISO. Consistent with NYISO practice, the proposed revisions do not multiply the result of the calculation methodology by the customer's Withdrawal Billing Units. There were no other substantive modifications to this provision.

$WithdrawalUnits_{c,h}$ = The Withdrawal Billing Units, in MWh, for Transmission Customer c in hour h , except for the Withdrawal Billing Units to supply Station Power as a third-party provider.

$TotalWithdrawalUnits_h$ = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in hour h , except for the Withdrawal Billing Units to supply Station Power as third-party providers.

B. Transmission Customer Supplying Station Power Under Part IV of this ISO OATT.⁵⁰

The ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units used to supply Station Power as a third-party provider, a charge for each month that is equal to the sum of the daily non-ISO facilities payment charges for the Transmission Customer, as calculated according to the following formula, for each day in the relevant month.

Non-ISO Facilities Payment Charge $_{c,d}$ =

$$\frac{NonISOFacilitiesCosts_M}{N} \times \frac{StationPower_{c,d}}{TotalWithdrawalUnits_d}$$

Where:

c = Transmission Customer.

M = The relevant month.

d = A given day in month M .

N = Number of days d in month M .

Non-ISO Facilities Payment Charge $_{c,d}$ = The amount, in \$, for which Transmission Customer c is responsible for day d .

NonISOFacilitiesCosts $_M$ = The sum, in \$, of the ISO's bills for month M for non-ISO facilities from (i) Consolidated Edison Co. of New York (less the one-half of such bill paid by PJM Interconnection, LLC) and (ii) Rochester Gas and Electric Corporation.

⁵⁰ The substance of this provision was originally located in Sections 2.A, 2.B.3.b, and 2.B.3.c of Rate Schedule 1 of the OATT. The calculation methodology for the non-ISO facilities payment charge has been converted into a formula. The content of this provision was not substantively modified by the proposed revisions.

$StationPower_{c,d}$ = The Withdrawal Billing Units, in MWh, of Transmission Customer c used to supply Station Power as a third-party provider for day d .

$TotalWithdrawalUnits_d$ = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in day d .

C. Non-ISO Facilities Payment Credit⁵¹

The ISO shall credit each Transmission Customer based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, an amount of the revenue collected through the non-ISO facilities payment charge under Section 6.1.B of this Rate Schedule 1 for each month that is equal to the sum of daily payments for the Transmission Customer, as calculated according to the following formula, for each day in the relevant month.

Non-ISO Facilities Payment Credit $_{c,d}$ =

$$NonISOFacPayCharge_d \times \frac{WithdrawalUnits_{c,d}}{TotalWithdrawalUnits_d}$$

Where:

c = Transmission Customer.

d = A given day in the relevant month.

Non-ISO Facilities Payment Credit $_{c,d}$ = The amount, in \$, that Transmission Customer c will receive for day d .

NonISOFacPayCharge $_d$ = The sum of non-ISO facilities payment charges, in \$, for all Transmission Customers as calculated in Section 6.1.B of this Rate Schedule 1 for day d .

WithdrawalUnits $_{c,d}$ = The Withdrawal Billing Units, in MWh, for Transmission Customer c in day d , except for the Withdrawal Billing Units to supply Station Power as a third-party provider.

⁵¹ The substance of this provision was originally located in Section 2.B.3.c of Rate Schedule 1 of the OATT. The calculation methodology for the non-ISO facilities payment credit has been converted into a formula. The content of this provision has been modified to expressly state that this credit is not applicable to Transmission Customers that take service under Part IV of the OATT to supply Station Power as third-party providers.

TotalWithdrawalUnits_d = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in day d, except for the Withdrawal Billing Units to supply Station Power as third-party providers.

7. Charge to Recover Payments Made to Suppliers Pursuant to Incremental Cost Recovery for Units Responding to Local Reliability Rules I-R3 and I-R5⁵²

The ISO shall charge, and each Transmission Customer shall pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, a charge for the recovery of the costs of payments to Suppliers pursuant to the incremental cost recovery for units that responded to either (i) Local Reliability Rule I-R3 or (ii) Local Reliability Rule I-R5, as applicable, for each month that is equal to the sum of the daily charges for the Transmission Customer, as calculated according to the following formula, for each day in the relevant month. The ISO shall perform this calculation separately to recover as applicable either (i) the payment costs related to Local Reliability I-R3, or (ii) the payment costs related to Local Reliability Rule I-R5.

Local Reliability Rules Payment Recovery Charge_{c,d} =

$$\text{LRRPayment}_d \times \frac{\text{TDWithdrawalUnits}_{c,d}}{\text{TDTotalWithdrawalUnits}_d}$$

Where:

c = Transmission Customer.

d = A given day in the relevant month.

Local Reliability Rules Payment Recovery Charge_{c,d} = The amount, in \$, for which Transmission Customer c is responsible for day d.

LRRPayment_d - The amount, in \$, paid to Suppliers pursuant to the incremental cost recovery for units responding to (i) Local Reliability Rule I-R3 or (ii) Local Reliability Rule I-R5, as applicable, for day d in the relevant Transmission District.

TDWithdrawalUnits_{c,d} = The Withdrawal Billing Units, in MWh, for Transmission Customer c in day d in the Transmission District in which the Suppliers are being paid, except for the Withdrawal Billing Units to supply Station Power as a third-party provider.

⁵² The content of this provision was originally located in Section 2.B.6 of Rate Schedule 1 of the OATT. The calculation methodology for this charge has been converted into a formula. The proposed revisions includes substantive revisions to this provision to clarify, consistent with NYISO practice, that the NYISO calculates this charge separately to recover as applicable either (i) payment costs related to Local Reliability I-R3 or (ii) payment costs related to Local Reliability I-R5. There were no other substantive modifications to this provision.

$TDTotalWithdrawalUnits_d$ = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in day d in the Transmission District in which the Supplier are being paid, except for the Withdrawal Billing Units to supply Station Power as third-party providers.

8. Residual Costs Payment/Charge

The ISO's payments for market transactions by Transmission Customers will not equal the ISO's payments to Suppliers for market transactions.⁵³ Part of the difference consists of Day-Ahead Congestion Rent. The remainder comprises a residual adjustment, which the ISO shall calculate and each Transmission Customer shall receive or pay on the basis of its Withdrawal Billing Units. The most significant component of the residual adjustment is the residual costs payment or charge calculated in accordance with Section 8.1 of this Rate Schedule 1.

8.1 Calculation of Residual Costs Payment/Charge

A. Transmission Customers Not Supplying Station Power Under Part IV of this ISO OATT.⁵⁴

The ISO shall calculate, and each Transmission Customer shall receive or pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, a residual costs payment or a residual costs charge for each month. The monthly payment or charge shall be equal to (i) the sum of the hourly residual costs payments for the Transmission Customer as calculated according to the following formula for each hour in the relevant month, minus (ii) the sum of the hourly residual costs charges for the Transmission Customer as calculated in the following formula for each hour in the relevant month. If the result of this determination is positive, the ISO

⁵³ This provision was originally located in Section 4.A of Rate Schedule 1 of the OATT. The initial sentence has been modified to indicate that the provision does not apply to all ISO and Transaction Customer payments, but only to those payments that concern market transactions. In addition, the remainder of Section 4.A on sheets 235 and 236, which contained the component list for the residual costs, has been deleted as the list was only illustrative and did not represent a complete list of residual adjustment components.

⁵⁴ The content of this provision was originally located in Sections 2.A, 2.B.4, 2.B.4.a, and 4.A of Rate Schedule 1 of the OATT, including the modifications to these provisions approved by the NYISO Management Committee on January 20, 2010. (Under the modifications, Section 2.B.4.a becomes Section 2.B.4.a.1.) The calculation methodology for the residual costs charge has been converted into a formula. The proposed revisions include substantive revisions to this provision. Section 2.B.4.a of Rate Schedule 1 of the OATT only indicates that this component can be a charge; however, this component could also result in a payment. This provision has been modified to provide for a payment or a charge. Additional proposed revisions are indicated in the following footnotes.

shall pay the Transmission Customer a residual costs payment for the relevant month. If the result of this determination is negative, the ISO shall charge the Transmission Customer a residual costs charge for the relevant month.

Residual Costs Payment/Charge_{c,h} =

$$(\text{CustomerPayments}_h - \text{ISOPayments}_h) \times \frac{\text{WithdrawalUnits}_{c,h}}{\text{TotalWithdrawalUnits}_h}$$

Where:

c = Transmission Customer.

h = A given hour in the relevant month.

Residual Costs Payment/Charge_{c,h} = The amount, in \$, for hour h that Transmission Customer c will receive (if positive) or for which Transmission Customer c is responsible (if negative).

WithdrawalUnits_{c,h} = The Withdrawal Billing Units, in MWh, for Transmission Customer c in hour h, except for the Withdrawal Billing Units to supply Station Power as a third-party provider.

TotalWithdrawalUnits_h = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in hour h, except for the Withdrawal Billing Units to supply Station Power as third-party providers.⁵⁵

CustomerPayments_h = The ISO's receipts, in \$, for each hour h from Transmission Customers⁵⁶ that equal the sum of the following components, which could be either positive or negative amounts⁵⁷:

⁵⁵ The proposed revisions clarify that the sum of all Transmission Customers' Withdrawal Billing Units should not include the Withdrawal Billing Units that the Transmission Customers use to supply Station Power as third-party providers.

⁵⁶ The Day-Ahead Congestion Rent related payments in the existing Rate Schedule 1 are not part of the residual costs/payment charge calculation and have been removed. Specifically, as part of the proposed revisions, the NYISO has removed "Primary Holders of TCCs" and the following components regarding the NYISO's residuals payments: "(v) payments of Congestion Rents collected for hour h in the Day-Ahead schedule to Primary Holders of TCCs," "(vi) settlements with Transmission Owners for losses revenue variances," and "(vii) positive Net Congestion Rents collected in hour h."

⁵⁷ The proposed revisions to the terms "CustomerPayments" and "ISOPayments" clarify that there is the potential that such payments could be negative.

(i) payments of the Energy component and Marginal Losses Component⁵⁸ of LBMP for Energy scheduled in the LBMP Market in hour h in the Day-Ahead Market;⁵⁹

(ii) payments of the Energy component, Marginal Losses Component, and Congestion Component of LBMP for Energy purchased in the Real-Time LBMP Market for hour h that was not scheduled Day-Ahead;

(iii) payments of the Energy component, Marginal Losses Component, and Congestion Component of LBMP for Energy by Suppliers⁶⁰ that provided less Energy in the real-time dispatch for hour h than they were scheduled Day-Ahead to provide in hour h for the LBMP Market;

(iv) the Marginal Losses Component of the TUC payments made in accordance with this ISO OATT for Bilateral Transactions⁶¹ that were scheduled in hour h in the Day-Ahead Market; and

(v) the Marginal Losses Component and Congestion Component of the real-time TUC payments made in accordance with this ISO OATT for Bilateral Transactions that were not scheduled in hour h in the Day-Ahead Market.

$ISOPayments_h =$ The ISO's payments, in \$, in each hour h to Suppliers⁶² that equal the sum of the following components, which could be either positive or negative amounts:

⁵⁸ The proposed revisions clarify which components of LBMP and TUC payments are applicable to this determination.

⁵⁹ The proposed revisions to subparts (i), (iv), and (v) of "CustomerPayments" and subparts (i), (ii), and (iv) of "ISOPayments" replace the term "Day-Ahead commitment" with the term "Day-Ahead Market" as Energy schedules are not determined in the commitment passes.

⁶⁰ The proposed Section 8.1 replaces the terms "generating facility" and "generate" in the Customer and ISO payment determinations with "Suppliers" and "provides" to ensure that Section 8.1 accounts for all categories of Suppliers that may participate in the LBMP market.

⁶¹ The proposed revisions in subparts (iv) and (v) of the term "CustomerPayments" and subpart (iv) of the term "ISOPayments" clarify that such payments concern Bilateral Transactions.

⁶² As described above, the proposed revisions removed "and Primary Holders of TCCs." In addition, the proposed revisions removed "Transmission Owners" as all of the payments that would have been made to Transmission Owners have been removed.

(i) payments of the Energy component and Marginal Losses Components of LBMP for Energy to Suppliers that were scheduled to provide⁶³ in the LBMP Market in hour h in the Day-Ahead Market;

(ii) payments to Suppliers of the Energy component, Marginal Losses Component, and Congestion Component of LBMP for Energy provided to the ISO in the Real-Time Dispatch for hour h that those Suppliers were not scheduled to provide Energy in hour h in the Day-Ahead Market;

(iii) payments of the Energy component and Marginal Losses Component of LBMP for Energy to LSEs that consumed less Energy in the real-time dispatch than those LSEs were scheduled Day-Ahead to consume in hour h; and

(iv) payments of the Marginal Losses Component and Congestion Component of the real-time TUC to Transmission Customers that reduced their Bilateral Transaction schedules for hour h after the Day-Ahead Market.

B. Transmission Customer Supplying Station Power Under Part IV of this ISO OATT.⁶⁴

The ISO shall calculate, and each Transmission Customer shall receive or pay based on its Withdrawal Billing Units used to supply Station Power as a third-party provider, a residual costs payment or a residual costs charge for each month. The monthly payment or charge shall be equal to (i) the sum of the daily residual costs payments for the Transmission Customer as calculated according to the following formula for each day in the relevant month, minus (ii) the sum of the daily residual costs charges for the Transmission Customer as calculated in the following formula for each day in the relevant month. If the result of this determination is positive, the ISO shall pay the Transmission Customer a residual costs payment for the relevant month. If the result of this determination is negative, the ISO shall charge the Transmission Customer a residual costs charge for the relevant month.

⁶³ The proposed revisions replace “operate” with “provide,” which makes subpart (i) consistent with subpart (ii).

⁶⁴ The content of this provision was originally located in Sections 2.A, 2.B.4., 2.B.4.b, and 4.A of Rate Schedule 1 of the OATT, including the modifications to these provisions approved by the NYISO Management Committee on January 20, 2010. (Under the modifications, Section 2.B.4.b becomes Section 2.B.4.a.2.) The calculation methodology for the residual costs charge has been converted into a formula. The proposed revisions include substantive revisions to this provision. Section 2.B.4.a of Rate Schedule 1 of the OATT only indicates that this component can be a charge; however, this component could also result in a payment. This provision has been modified to provide for a charge or a payment. Additional proposed revisions are indicated in the following footnotes.

Residual Costs Payment/Charge_{c,d} =

$$(\text{CustomerPayments}_d - \text{ISOPayments}_d) \times \frac{\text{StationPower}_{c,d}}{\text{TotalWithdrawalUnits}_d}$$

Where:

c = Transmission Customer.

d = A given day in the relevant month.

Residual Costs Payment/Charge_{c,d} = The amount, in \$, for day d that Transmission Customer c will receive (if positive) or for which Transmission Customer c is responsible (if negative).

StationPower_{c,d} = The Withdrawal Billing Units, in MWh, of Transmission Customer c that it used to supply Station Power as a third-party provider for day d.

TotalWithdrawalUnits_d = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in day d.

CustomerPayments_d = The ISO's receipts, in \$, for each day d from Transmission Customers⁶⁵ shall be calculated as indicated in Section 8.1.A of this Rate Schedule 1, except the calculation will be for day d.

ISOPayments_d = The ISO's payments, in \$, for each day d to generating facilities and Transmission Owners⁶⁶ shall be calculated as indicated in Section 8.1.A of this Rate Schedule 1, except the calculation will be for day d.

⁶⁵ As described above, the proposed revisions removed "and Primary Holders of TCCs."

⁶⁶ As described above, the proposed revisions removed "and Primary Holders of TCCs."

C. Residual Costs Adjustment⁶⁷

The ISO shall calculate, and each Transmission Customer shall receive or pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider,⁶⁸ a residual costs adjustment for each month that is equal to the sum of the daily adjustments (positive and negative) for the Transmission Customer, as calculated according to the following formula, for each day in the relevant month. If the summed amount is positive, the ISO shall pay the Transmission Customer the adjustment amount. If the summed amount is negative, the ISO shall charge the Transmission Customer the adjustment amount.

Residual Costs Adjustment_{c,d} =

$$\text{ResidCharge/PaymentCosts}_d \times \frac{\text{WithdrawalUnits}_{c,d}}{\text{TotalWithdrawalUnits}_d}$$

Where:

c = Transmission Customer.

d = A given day in the relevant month.

Residual Costs Adjustment_{c,d} = The amount, in \$, for day d that Transmission Customer c will receive (if positive) or for which Transmission Customer c is responsible (if negative).

ResidCharge/PaymentCosts_d = (i) If Transmission Customers were responsible for a residual costs charge for day d pursuant to Section 8.1.B of this Rate Schedule 1, the (positive) amount, in \$, of the costs that the ISO has collected through the residual costs charges for all Transmission Customers for day d. (ii) If Transmission Customers received a residual costs payment for day d pursuant to Section 8.1.B of

⁶⁷ The content of this provision was originally located in Section 2.B.4.b of Rate Schedule 1 of the OATT, including the modifications to these provisions approved by the NYISO Management Committee on January 20, 2010. (Under the modifications, Section 2.B.4.b becomes Section 2.B.4.a.2.) The calculation methodology for the residual costs charge/payment adjustment has been converted into a formula. The proposed revisions include substantive revisions to this provision. Section 2.B.4.b of Rate Schedule 1 of the OATT only indicates that this component can be a payment; however, this component could also result in a charge. This provision has been modified to provide for a payment or a charge. Additional revisions are indicated in the following footnotes.

⁶⁸ This provision has been modified to clarify that the adjustment applies to Transmission Customers based on their Withdrawal Billing Units that are not used to supply Station Power as third-party providers.

this Rate Schedule 1, the (negative) amount, in \$, of the revenue that the ISO has paid through the residual costs payments to all Transmission Customers for day d.

$WithdrawalUnits_{c,d}$ = The Withdrawal Billing Units, in MWh, for Transmission Customer c in day d, except for the Withdrawal Billing Units to supply Station Power as a third-party provider.

$TotalWithdrawalUnits_d$ = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in day d, except for the Withdrawal Billing Units to supply Station Power as third-party providers.

9. Recovery of Special Case Resources and Curtailment Services Providers Costs⁶⁹

The ISO shall charge, and each Transmission Customer shall pay, a charge for the recovery of Special Case Resources and Curtailment Service Providers costs for each month that is equal to the sum of the hourly charges for the Transmission Customer, calculated in Sections 9.1 and 9.2 of this Rate Schedule 1, for each hour in the relevant month.

9.1 Recovery of Costs for Payments for Special Case Resources and Curtailment Service Providers Called to Meet the Reliability Needs of a Local System

Pursuant to this Section 9.1, the ISO shall recover the costs of payments to Special Case Resources and Curtailment Service Providers that were called to meet the reliability needs of a local system. To do so, the ISO shall charge, and each Transmission Customer that serves Load in the Subzone⁷⁰ for which the reliability services of the Special Case Resources and Curtailment Service Providers were called shall pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, an hourly charge in accordance with the following formula for each Subzone.

Local Reliability SCR and CSP Charge $_{c,h}$ =

$$LocalReliabilityCosts_h \times \frac{SZWithdrawalUnits_{c,h}}{SZTotalWithdrawalUnits_h}$$

⁶⁹ The content of this provision derives from the proposed modifications to Rate Schedule 1 of the OATT approved by the NYISO Management Committee on January 20, 2010. (Specifically, the proposed Sections 2.B.4, 2.B.4.b, and 4.B of Rate Schedule 1). The calculation methodologies for the charges in Sections 9.1 and 9.2 have been converted into formulas. The proposed revisions have clarified that the total Withdrawal Billing Unit variables in both formulas should exclude Withdrawal Billing Units that are used by Transmission Customers to supply Station Power as third-party providers.

⁷⁰ Note that the term “Subzone” was created as a defined term through the proposed BPCG/DAMAP tariff revisions accepted in the January 20, 2010, Management Committee meeting.

Where:

c = Transmission Customer.

h = A given hour in the relevant month.

Local Reliability SCR and CSP Charge $_{c,h}$ = The amount, in \$, for which Transmission Customer c is responsible for hour h for the relevant Subzone.

LocalReliabilityCosts $_h$ = The payments, in \$, for hour h in the relevant Subzone made to Suppliers for Special Case Resources and Curtailment Service Providers called to meet the reliability needs of that Subzone.

SZWithdrawalUnits $_{c,h}$ = The Withdrawal Billing Units, in MWh, for Transmission Customer c in hour h in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through, Exports, and to supply Station Power as a third-party provider.

SZTotalWithdrawalUnits $_h$ = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in hour h in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through, Exports, and to supply Station Power as third-party providers.

9.2 Recovery of Costs for Payments for Special Case Resources and Curtailment Service Providers Called to Meet the Reliability Needs of the NYCA

Pursuant to this Section 9.2, the ISO shall recover the costs of payments to Special Case Resources and Curtailment Service Providers called to meet the reliability needs of the NYCA. To do so, the ISO shall charge, and each Transmission Customer that serves Load in the NYCA shall pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, an hourly charge in accordance with the following formula.

NYCA Reliability SCR and CSP Charge $_{c,h}$ =

$$\text{NYCAReliabilityCosts}_h \times \frac{\text{WithdrawalUnits}_{c,h}}{\text{TotalWithdrawalUnits}_h}$$

Where:

c = Transmission Customer.

h = A given hour in the relevant month.

NYCA Reliability SCR and CSP Charge $_{c,h}$ = The amount, in \$, for which Transmission Customer c is responsible for hour h .

$NYCAReliabilityCosts_h$ = The payments, in \$, for hour h made to Suppliers for Special Case Resources and Curtailment Service Providers called to meet the reliability needs of the NYCA.

$WithdrawalUnits_{c,h}$ = The Withdrawal Billing Units, in MWh, for Transmission Customer c in hour h, except for the Withdrawal Billing Units to supply Station Power as a third-party provider.

$TotalWithdrawalUnits_h$ = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in hour h, except for the Withdrawal Billing Units to supply Station Power as third-party providers.

10. Recovery of Day-Ahead Margin Assurance Payment Costs⁷¹

The ISO shall charge, and each Transmission Customer shall pay, a charge for the recovery of DAMAP costs for each month that is equal to the sum of the hourly charges for the Transmission Customer, calculated in Sections 10.1 and 10.2 of this Rate Schedule 1, for each hour in the relevant month.

10.1 Costs of DAMAPs Resulting from Meeting the Reliability Needs of a Local System

Pursuant to this Section 10.1, the ISO shall recover the costs for DAMAPs incurred to compensate Resources for meeting the reliability needs of a local system. To do so, the ISO shall charge, and each Transmission Customer that serves Load in the Subzone where the Resource is located shall pay, an hourly charge in accordance with the following formula for each Subzone.

$$\text{Local Reliability DAMAP Charge}_{c,h} = \text{DAMAPCosts}_h \times \frac{\text{SZWithdrawalUnits}_{c,h}}{\text{SZTotalWithdrawalUnits}_h}$$

Where:

c = Transmission Customer.

h = A given hour in the relevant month.

Local Reliability DAMAP Charge_{c,h} = The amount, in \$, for which Transmission Customer c is responsible for hour h for the relevant Subzone.

⁷¹ The content of this provision derives from proposed modifications to Rate Schedule 1 of the OATT approved by the NYISO Management Committee on January 20, 2010. (Specifically, the proposed Sections 2.B.4, 2.B.4.c, and 5 of Rate Schedule 1). The calculation methodologies have been converted into formulas. The content of this provision has not been substantively modified in the proposed revisions.

$DAMAPCosts_h$ = The DAMAP costs, in \$, for hour h in the relevant Subzone incurred to compensate Resources meeting the reliability needs of that Subzone.

$SZWithdrawalUnits_{c,h}$ = The Withdrawal Billing Units, in MWh, for Transmission Customer c in hour h in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through and Exports.

$SZTotalWithdrawalUnits_h$ = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in hour h in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through and Exports.

10.2 Costs of All Remaining DAMAPs

Pursuant to this Section 10.2, the ISO shall recover the costs of all DAMAPs not recovered through Section 10.1 of this Rate Schedule 1 from all Transmission Customers. To do so, the ISO shall charge, and each Transmission Customer shall pay, an hourly charge in accordance with the following formula.

$$\text{Remaining DAMAP Charge}_{c,h} = \text{RemainingDAMAPCosts}_h \times \frac{\text{WithdrawalUnits}_{c,h}}{\text{TotalWithdrawalUnits}_h}$$

Where:

c = Transmission Customer.

h = A given hour in the relevant month.

Remaining DAMAP Charge_{c,h} = The amount, in \$, for which Transmission Customer c is responsible for hour h.

RemainingDAMAPCosts_h = The DAMAP costs, in \$, for hour h not recovered by the ISO through Section 10.1 of this Rate Schedule 1.

WithdrawalUnits_{c,h} = The Withdrawal Billing Units, in MWh, for Transmission Customer c in hour h.

TotalWithdrawalUnits_h = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in hour h.

11. Recovery of Import Curtailment Guarantee Payment Costs⁷²

The ISO shall charge, and each Transmission Customer shall pay, a charge for the recovery of the costs of all Import Curtailment Guarantee Payment paid to Import Suppliers for each month that is equal to the sum of hourly charges for the Transmission Customer, calculated in accordance with the following formula, for each hour in the relevant month.

$$\text{Import Curtailment Guarantee Charge}_{c,h} = \text{ImportCurtGuarCosts}_h \times \frac{\text{WithdrawalUnits}_{c,h}}{\text{TotalWithdrawalUnits}_h}$$

Where:

c = Transmission Customer.

h = A given hour in the relevant month.

$\text{Import Curtailment Guarantee Charge}_{c,h}$ = The amount, in \$, for which Transmission Customer c is responsible for hour h .

$\text{ImportCurtGuarCosts}_h$ = The costs, in \$, for the Import Curtailment Guarantee Payments to Import Suppliers for hour h .

$\text{WithdrawalUnits}_{c,h}$ = The Withdrawal Billing Units, in MWh, for Transmission Customer c in hour h .

$\text{TotalWithdrawalUnits}_h$ = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in hour h .

⁷² The content of this provision derives from proposed modifications to Rate Schedule 1 of the OATT approved by the NYISO Management Committee on January 20, 2010. (Specifically, the proposed Sections 2.B.4, 2.B.4.d, and 6 of Rate Schedule 1). The calculation methodology has been converted into formulas. The content of this provision has not been substantively modified in the proposed revisions.

12. Recovery of Bid Production Cost Guarantee Payment and Demand Reduction Incentive Payment Costs⁷³

The ISO shall charge, and each Transmission Customer shall pay, a charge for the recovery of BPCG and Demand Reduction Incentive Payment costs for each month that is equal to the sum of the daily charges for the Transmission Customer, calculated in Sections 12.1 through 12.6 of this Rate Schedule 1, for each day in the relevant month.

12.1 Costs of Demand Reduction BPCGs and Demand Reduction Incentive Payments

After accounting for imbalance charges paid by Demand Reduction Providers, the ISO shall recover the costs associated with Demand Reduction Bid Production Cost guarantee payments and Demand Reduction Incentive Payments from Transmission Customers pursuant to the methodology established in Attachment R of this ISO OATT.

12.2 Costs of BPCGs for Additional Generating Units Committed to Meet Forecast Load

If the sum of all Bilateral Transaction schedules, excluding schedules of Bilateral Transactions with Trading Hubs as their POWs,⁷⁴ and all Day-Ahead Market purchases to serve Load in the Day-Ahead schedule is less than the ISO's Day-Ahead forecast of Load, the ISO may commit Resources in addition to the reserves that it normally maintains to enable it to respond to contingencies to meet the ISO's Day-Ahead forecast of Load. The ISO shall recover a portion of the costs associated with Bid Production Cost guarantee payments for the additional Resources committed Day-Ahead to meet the Day-Ahead forecast of Load from Transmission Customers pursuant to the methodology established in Attachment T of this ISO OATT. The ISO shall recover the residual costs of such Bid Production Cost guarantee payments not recovered through the methodology in Attachment T of the ISO OATT pursuant to Section 12.6 of this Rate Schedule 1.

12.3 Costs of BPCGs Resulting from Meeting the Reliability Needs of a Local System

Pursuant to this Section 12.3, the ISO shall recover the costs for Bid Production Cost guarantee payments incurred to compensate Suppliers for their Resources, other than Special Case Resources, that are committed or dispatched to meet the reliability needs of a local

⁷³ The substance of this provision derives from the proposed replacement of the existing BPCG-related Sections 2.A., 2.B.4.c and 4.B of Rate Schedule 1 of the OATT with new Sections 2.B.5 and 7 of Rate Schedule 1 of the OATT, as approved by the NYISO Management Committee on January 20, 2010. The calculation methodologies in Sections 12.3, 12.4, 12.5, and 12.6 have been converted into formulas. Proposed revisions to these provisions are indicated in the following footnotes.

⁷⁴ This clause was added to make this provision consistent with recent modifications to Rate Schedule 1 and Attachment T of the OATT through the NYISO's July 29, 2009, filing regarding trading hubs.

system. To do so, the ISO shall charge, and each Transmission Customer that serves Load in the Subzone where the Resource is located shall pay, a daily charge in accordance with the following formula for each Subzone.

$$\text{Local Reliability BPCG Charge}_{c,d} = \text{BPCGCosts}_d \times \frac{\text{SZWithdrawalUnits}_{c,d}}{\text{SZTotalWithdrawalUnits}_d}$$

Where:

c = Transmission Customer.

d = A given day in the relevant month.

Local Reliability BPCG Charge_{c,d} = The amount, in \$, for which Transmission Customer c is responsible for day d for the relevant Subzone.

BPCGCosts_d = The Bid Production Cost guarantee payments, in \$, made to Suppliers for Resources for day d in the relevant Subzone arising as a result of meeting the reliability needs of that Subzone, except for the Bid Production Cost guarantee payments made to Suppliers for Special Case Resources.⁷⁵

SZWithdrawalUnits_{c,d} = The Withdrawal Billing Units, in MWh, for Transmission Customer c in day d in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through and Exports.

SZTotalWithdrawalUnits_d = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in day d in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through and Exports.

12.4 Cost of BPCGs for Special Case Resources Called to Meet the Reliability Needs of a Local System

Pursuant to this Section 12.4, the ISO shall recover the costs of Bid Production Cost guarantee payments incurred to compensate Special Case Resources called to meet the reliability needs of a local system. To do so, the ISO shall charge, and each Transmission Customer that serves Load in the Subzone where the Special Case Resource is located shall pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, a daily charge in accordance with the following formula for each Subzone.

⁷⁵ The exception was added to make the variable consistent with the express exclusion of Special Case Resources in the first paragraph of Section 12.3.

$$\text{Local Reliability SCR BPCG Charge}_{c,d} = \text{BPCGCosts}_d \times \frac{\text{SZWithdrawalUnits}_{c,d}}{\text{SZTotalWithdrawalUnits}_d}$$

Where:

c = Transmission Customer.

d = A given day in the relevant month.

Local Reliability SCR BPCG Charge_{c,d} = The amount, in \$, for which Transmission Customer c is responsible for day d for the relevant Subzone.

BPCGCosts_d = The Bid Production Cost guarantee payments, in \$, made to Suppliers for Special Case Resources for day d in the relevant Subzone arising as a result of meeting the reliability needs of that Subzone.

SZWithdrawalUnits_{c,d} = The Withdrawal Billing Units, in MWh, for Transmission Customer c in day d in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through, Exports, and to supply Station Power as a third-party provider.

SZTotalWithdrawalUnits_d = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in day d in the relevant Subzone, except for Withdrawal Billing Units for Wheels Through, Exports, and to supply Station Power as third-party providers.⁷⁶

12.5 Cost of BPCG for Special Case Resources Called to Meet the Reliability Needs of the NYCA

Pursuant to this Section 12.5, the ISO shall recover the costs for Bid Production Cost guarantee payments to compensate Special Case Resources called to meet the reliability needs of the NYCA. To do so, the ISO shall charge, and each Transmission Customer that serves Load in the NYCA shall pay based on its Withdrawal Billing Units that are not used to supply Station Power as a third-party provider, a daily charge in accordance with the following formula.⁷⁷

$$\text{NYCA Reliability SCR BPCG Charge}_{c,d} = \text{BPCGCosts}_d \times \frac{\text{WithdrawalUnits}_{c,d}}{\text{TotalWithdrawalUnits}_d}$$

⁷⁶ The proposed revision expressly excludes Withdrawal Billing Units for Transmission Customers that are used to supply Station Power as third-party providers.

⁷⁷ The proposed revision deletes the “for each Subzone” language from this provision that was included with the proposed tariff changes presented to the Management Committee on January 20, 2010. The NYISO makes this determination on a NYCA-wide basis.

Where:

c = Transmission Customer.

d = A given day in the relevant month.

NYCA Reliability SCR BPCG Charge $_{c,d}$ = The amount, in \$, for which Transmission Customer c is responsible for day d .

BPCGCosts $_d$ = The Bid Production Cost guarantee payments, in \$, made to Suppliers for Special Case Resources called to meet the reliability needs of the NYCA for day d .

WithdrawalUnits $_{c,d}$ = The Withdrawal Billing Units, in MWh, for Transmission Customer c in day d , except for the Withdrawal Billing Units to supply Station Power as a third-party provider.

TotalWithdrawalUnits $_d$ = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in day d , except for the Withdrawal Billing Units to supply Station Power as third-party providers.⁷⁸

12.6 Costs of All Remaining BPCGs

Pursuant to this Section 12.6, the ISO shall recover the costs of all Bid Production Cost guarantee payments not recovered through Sections 12.1, 12.2, 12.3, 12.4, and 12.5 of this Rate Schedule 1, including the residual costs of Bid Production Cost guarantee payments for additional Resources not recovered through the methodology in Attachment T of this ISO OATT, from all Transmission Customers. To do so, the ISO shall charge, and each Transmission Customer shall pay, a daily charge in accordance with the following formula.

$$\text{Remaining BPCG Charge}_{c,d} = \text{RemainingBPCGCosts}_d \times \frac{\text{WithdrawalUnits}_{c,d}}{\text{TotalWithdrawalUnits}_d}$$

Where:

c = Transmission Customer.

d = A given day in the relevant month.

Remaining BPCG Charge $_{c,d}$ = The amount, in \$, for which Transmission Customer c is responsible for day d .

⁷⁸ The proposed revision expressly excludes Withdrawal Billing Units for Transmission Customers that are used to supply Station Power as third-party providers.

RemainingBPCGCosts_d = The BPCG costs, in \$, for day d not recovered by the ISO through Sections 12.1, 12.2, 12.3, 12.4, and 12.5 of this Rate Schedule 1.

WithdrawalUnits_{c,d} = The Withdrawal Billing Units, in MWh, for Transmission Customer c in day d.

TotalWithdrawalUnits_d = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in day d.

13. Dispute Resolution Costs Payment/Charge⁷⁹

The ISO shall calculate, and each Transmission Customer shall receive or pay, a dispute resolution costs payment or charge in accordance with Section 13.1 of this Rate Schedule 1 for the distribution of costs received by the ISO or the recovery of costs billed to the ISO as a result of the settlement of a dispute resolution proceeding.

13.1 Calculation of the Dispute Resolution Charge

The ISO shall calculate, and each Transmission Customer shall receive or pay, a dispute resolution costs payment or a dispute resolution costs charge for each month as calculated according to the following formula.

Dispute Resolution Payment/ Charge_{c,M} =

$$\text{DisputeResolutionCosts}_M \times \frac{\text{WithdrawalUnits}_{c,M}}{\text{TotalWithdrawalUnits}_M}$$

Where:

c = Transmission Customer.

M = The relevant month.

Dispute Resolution Payment/Charge_{c,M} = The amount, in \$, for month M that (i) Transmission Customer c will receive if the ISO is distributing costs that it has collected as a result of the settlement of a dispute resolution proceeding, or (ii) Transmission

⁷⁹ This payment/charge replaces the ISO Unbudgeted Costs component, which was only used for allocating the charges for settlements of dispute resolution proceedings. The content of the ISO Unbudgeted Costs component was originally located in Sections 2.A and 2.B.2 of Rate Schedule 1 of the OATT and Sections 2 and 3.B of Rate Schedule 1 of the Services Tariff. The proposed dispute resolution charge uses the same 100% load ratio share allocation methodology as the Unbudgeted Cost component. The existing Rate Schedule 1 provisions only indicate that the Unbudgeted Costs component can be a charge; however, this component could also result in a payment. This provision has been modified to provide for a payment or a charge.

Customer c will be responsible for if the ISO is recovering costs that it owes as a result of the settlement of a dispute resolution proceeding.

$\text{DisputeResolutionCosts}_M$ = The amount, in \$, for month M that (i) the ISO has collected as a result of the settlement of a dispute resolution proceeding or (ii) the ISO owes as a result of the settlement of a dispute resolution proceeding.

$\text{WithdrawalUnits}_{c,M}$ = The Withdrawal Billing Units, in MWh, for Transmission Customer c in month M .

$\text{TotalWithdrawalUnits}_M$ = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers in month M .⁸⁰

14. Credit for Financial Penalties⁸¹

The ISO shall distribute to each Transmission Customer on a monthly basis in accordance with the following formula any payments that it has collected from Transmission Customers to satisfy: (i) Financial Impact Charges issued pursuant to Sections 4.5.C(2) and 4.5.D(2) of the ISO Services Tariff; (ii) ICAP sanctions issued pursuant to Section 5.12.12 of the ISO Services Tariff; (iii) ICAP deficiency charges pursuant to Section 5.14.3(a) of the ISO Services Tariff, except as provided in Section 5.14.3(b) of the ISO Services Tariff; and (iv) market power mitigation financial penalties pursuant to Section 4.3.6 of Attachment H of the ISO Services Tariff, except as provided in Section 4.4.3(b) of Attachment H of the ISO Services Tariff. The ISO will perform this calculation separately for the allocation of the revenue from each financial penalty.

$$\text{Financial Penalties Credit}_{c,M} = \text{PenaltyRevenue}_M \times \frac{\text{WithdrawalUnits}_{c,M}}{\text{TotalWithdrawalUnits}_M}$$

Where:

c = Transmission Customer.

M = A given day in the relevant month.

⁸⁰ Section 2.B.2 of Rate Schedule 1 of the OATT and Section 3.B of Rate Schedule 1 of the Services Tariff indicates that this amount will be the total estimated withdrawal billing units for the month. The proposed revisions clarify that this amount will be the total actual withdrawal billing units for the month.

⁸¹ The NYISO's existing Rate Schedule 1 does not expressly indicate how the NYISO allocates revenues that it receives from market participants that satisfy certain financial penalties. The proposed revision clarifies that the NYISO makes this allocation on a load ratio share basis.

MIWG - May 24, 2010
FOR DISCUSSION PURPOSES ONLY

Financial Penalties Credit_{c,M} = The amount, in \$, that Transmission Customer c will receive for month M.

PenaltyRevenue_M = The sum, in \$, of revenue that the ISO has collected for month M from a Transmission Customer for one of the financial penalties indicated in this Article 14 of this Rate Schedule 1.

WithdrawalUnits_{c,M} = The Withdrawal Billing Units, in MWh, for Transmission Customer c for month M.

TotalWithdrawalUnits_M = The sum, in MWh, of Withdrawal Billing Units for all Transmission Customers for month M.

OATT (Rate Schedule 11)

Original Sheet No. 324

on a case-by-case basis, as provided in *Reliability Standard Compliance and Enforcement in Regions with Regional Transmission Organizations or Independent System Operators*, Docket No. AD07-12-000, 122 FERC ¶ 61,247 (2008), or any successor policy. Notwithstanding any provisions of the ISO's Tariffs or ISO Related Agreements, including those provisions requiring stakeholder approval for Section 205 filings in certain instances, the ISO has the independent authority to make Section 205 filings in accordance with the provisions of this Schedule 11 after consultation with the Management Committee as provided in Section 5.1a(c) of the Services Tariff or Section 10.6(c) of the ISO OATT.

3.2 Any and all costs associated with the imposition of NERC Reliability Standards penalties or penalties assessed by other regulatory authorities that may be assessed against the ISO either directly by NERC, other regulatory authority or allocated by a Customer or Customers under this Schedule shall be (i) paid by the ISO notwithstanding the limitation of liability provisions in this Tariff or the Services Tariff; and (ii) recovered as set forth in this Schedule 11, after consultation with the Management Committee as provided in Section 5.1a(c) of the Services Tariff or Section 10.6(c) of the ISO OATT, or as otherwise approved by the FERC.

3.3 Penalties that are assessed against the ISO on or after the effective date of this Section shall be recoverable as provided in this Section regardless of the date of the violation(s) for which the penalty is assessed.

3.4 Allocation Basis and Invoicing⁸²

- (a) Allocation Basis. Any penalties that are permitted recovery under Section 3.0 of this Schedule 11 shall be allocated 50% to all ~~i~~Injection ~~b~~Billing ~~u~~Units and 50% to

Original Sheet No. 325

all ~~w~~Withdrawal ~~b~~Billing ~~u~~Units in the following manner. The rate to be applied to ~~i~~Injection ~~Billing Units~~ and ~~withdrawal billing units in each month~~ shall be the quotient of ~~(i) 50% of (ii) the penalty amount of these costs to be~~

⁸² The proposed revisions to Schedule 11 of the OATT revise the description of the method for allocating penalty costs so that it will correctly allocate penalty costs 50% to injection billing units and 50% to withdrawal billing units. As currently written, Section 3.4(a) could result in either injection or withdrawal billing units being allocated with a higher percentage of such costs. In addition, the proposed revisions to Schedule 11 of the OATT reflect the proposed new defined terms "Injection Billing Units" and "Withdrawal Billing Units."

~~recovered~~ included in the month divided by ~~the sum of the total~~ Injection Billing Units and withdrawal billing units for the month. The rate to be applied to the Withdrawal Billing Units shall be the quotient of (i) 50% of (ii) the penalty costs to be recovered in the month divided by the total Withdrawal Billing Units for that month. This Injection Billing Unit rate shall then be multiplied by each Transmission Customer's aggregate Injection Billing Units and withdrawal billing units for the month, and the Withdrawal Billing Unit rate shall be multiplied by each Transmission Customer's aggregate Withdrawal Billing Units for the month.

~~(b) Billing Units. For all charges calculated under Section 3.0 of this Rate Schedule, the Transmission Customer's injection billing units shall be based on Actual Energy Injections (for all internal injections) or Scheduled Energy Injections (for all Import Energy injections) in the New York Control Area, including injections for wheelthroughs. The Transmission Customer's withdrawal billing units shall be based on its Actual Energy Withdrawals for all Transmission Service to supply Load in the NYCA, and hourly Energy schedules for all Wheels Through and Exports.~~

~~(be) Invoicing. Once there is a final order by FERC regarding the ISO's ability to recover penalty amounts, the ISO shall include such amounts in the next monthly invoice utilizing the billing units described in Section 3.4(b) of this Schedule 11 for the month of infraction. For purposes of this calculation, the "month of infraction" shall be the service month in which the violation occurred. Should the penalty be assessed for a violation occurring over multiple service months, the penalty to be recovered for each service month shall be the total penalty to be recovered through Section 3.0 of this Schedule divided by the number of months~~

Original Sheet No. 326

over which the violation occurred. Whenever practicable, the ISO shall recover this Rate Schedule 11 charge in the invoice issued in the month following the month in which the NYISO incurs the penalty charge. The ISO may recover penalty charges over several months if, in its discretion, the ISO determines such method of recovery to be a prudent course of action. In the event that one or more entities who otherwise would have been apportioned a share of the penalty are no longer Customers, the ISO shall adjust the remaining Customers' shares of the penalty costs, on a proportional basis, if necessary to fully recover the penalty charge.

Services Tariff (Body)

Fifth Revised Sheet No. 87

and Capacity market clearing prices in addition to Congestion Costs.

4.1.4 Scheduling Prerequisites

Each Customer shall be subject to a minimum Transaction size of one (1) megawatt (“MW”) between each Point of Injection and Point of Withdrawal in any given hour. Each Transaction must be scheduled in whole megawatts.

4.1.5 Communication Requirements for Market Services

Customers may utilize a variety of communications facilities to access the ISO’s OASIS and Bid/Post System, including but not limited to, conventional Internet service providers, wide area networks such as NERC net, and dedicated communications circuits. Customers shall arrange for and maintain all communications facilities for the purpose of communication of commercial data to the ISO. Each Customer shall be the customer of record for the telecommunications facilities and services its uses and shall assume all duties and responsibilities associated with the procurement, installation and maintenance of the subject equipment and software.

4.1.6 Customer Responsibilities

All purchasers in the Day-Ahead or Real-Time Markets who withdraw Energy within the NYCA or at an NYCA Interconnection with another Control Area must obtain Transmission Service under the ISO OATT. All Customers requesting service under the ISO Services Tariff to engage in Virtual Transactions must obtain Transmission Service under the ISO OATT.

Fifth Revised Sheet No. 87.01

All LSEs serving Load in the NYCA must comply with the Installed Capacity requirements set forth in Article 5 of this ISO Services Tariff.

All Customers taking service under the ISO Services Tariff must pay the Market Administration and Control Area Services Charge, as specified in Rate Schedule 1 of this ISO Services Tariff ~~provided, however, that Demand Side Resources offering Operating Reserves or Regulation Service shall pay the Market Administration and Control Area Services Charge based only on their withdrawal billing units.⁸³ Limited Energy Storage Resources shall pay the Market Administration and Control Area Services Charge, as specified in Rate Schedule 1 of this ISO Services Tariff, based only on their Actual Energy Injections.⁸⁴~~

⁸³ The deleted language was unnecessary as it simply reiterates the normal manner in which Demand Side Resources are allocated Rate Schedule 1 charges.

⁸⁴ The deleted language has been incorporated into the proposed new definition for the term “Injection Billing Units.”

A Generator or Demand Side Resource with a real time physical operating problem that makes it impossible for it to operate in the bidding mode in which it was scheduled shall notify the NYISO.

4.1.6a Customer Compliance with Laws, Regulations and Orders

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

1. In particular, if FERC or a court of competent jurisdiction determines there has been a violation of FERC's regulations related to electric energy market manipulation (*see* 18 C.F.R. Section 1c.2, or any successor provision thereto), such violation is also a violation of this ISO Services Tariff if such violation affects or is related to the ISO Administered Markets.

Tenth Revised Sheet No. 101⁸⁵

steam system located in New York City (LBMP Zone J) in operation on or before November 18, 1999 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 499 MW of such units.

This procedure shall not apply to a Generator for those hours it has bid in a manner that indicates it is available to provide Regulation Service or Operating Reserves.

In subsections A, B, C, D, E and F of this Section 4.5, references to “~~s~~Scheduled” Energy ~~i~~Injections and Scheduled Energy ~~w~~Withdrawals shall encompass injections and withdrawals that are scheduled Day-Ahead, as well as injections and withdrawals that occur in connection with real-time Bilateral Transactions. In subsections A, C, D and F of this Section 4.5, references to Energy Withdrawals and Energy Injections shall not include Energy Withdrawals or Energy Injections in Virtual Transactions, or Energy Withdrawals or Energy Injections at Trading Hubs. Generators that are providing Regulation Service shall not be subject to the real-time Energy market settlement provisions set forth in this Section, but shall instead be subject to the Energy settlement rules set forth in Section 6.0 of Rate Schedule 3 of this ISO Services Tariff.

⁸⁵ The proposed revisions to Services Tariff sheets 101 through 104 correct the use of the defined terms “Actual Energy Injections,” “Scheduled Energy Withdrawals,” and “Scheduled Energy Injections.”

Third Revised Sheet No. 101A

A. Settlement When Actual Energy Withdrawals Exceed Scheduled Energy Withdrawals Other Than Scheduled or Actual Withdrawals in Virtual Transactions

When the Actual Energy Withdrawals by a Customer over an RTD interval exceed the Energy withdrawals scheduled over that RTD interval, the ISO shall charge the Real-Time LBMP for Energy equal to the product of: (a) the Real-Time LBMP calculated in that RTD interval for each applicable Load Zone; and (b) the difference between the Actual Energy Withdrawals and the sScheduled Energy wWithdrawals at that Load Zone.

First Revised Sheet No. 101B

B. Settlement for Customers Scheduled To Sell Energy in Virtual Transactions in Load Zones

The Actual Energy Injection in a Load Zone by a Customer scheduled Day-Ahead to sell Energy in a Virtual Transaction is zero and the Customer shall pay a charge for the Energy imbalance equal to the product of: (a) the Real-Time LBMP calculated in that hour for the applicable Load Zone; and (b) the scheduled Day-Ahead Energy Injection of the Customer for that Hour in that Load Zone.

Seventh Revised Sheet No. 102

C. Settlement When Actual Energy Injections are Less Than Scheduled Energy Injections or Actual Demand Reductions are Less Than Scheduled Demand Reductions

(1) General Rule

When the aActual Energy iInjections by a Supplier over an RTD interval are less than the Energy injections scheduled Day-Ahead over that RTD interval, the Supplier shall pay a charge for the Energy imbalance equal to the product of: (a) the Real-Time LBMP calculated in that RTD interval for the applicable Generator bus; and (b) the difference between the scheduled Day-Ahead Energy injections and the lesser of: (i) the aActual Energy iInjections at that bus; or (ii) the Supplier's Real-Time Scheduled Energy Injection plus any Compensable Overgeneration. If the Energy injections by a Supplier over an RTD interval are less than the Energy injections scheduled for the Supplier Day-Ahead, and if the Supplier reduced its Energy injections in response to instructions by the ISO or a Transmission Owner that were issued in order to maintain a secure and reliable dispatch, the Supplier may be entitled to a Day-Ahead Margin Assurance Payment, pursuant to Attachment J of this ISO Services Tariff.

(2) Failed Transactions

If an Energy injection scheduled by RTC at a Proxy Generator Bus fails in the ISO's checkout process after RTC₁₅, the Supplier or Transmission Customer that was scheduled to make the injection will pay the Energy imbalance charge described above in

Second Revised Sheet No. 102.00

subsection C(1). In addition, if the checkout failure occurred for reasons within the Supplier's or Transmission Customer's control it will be required to pay the "Financial Impact Charge" described below. The ISO's Market Mitigation and Analysis Department will determine whether the Transaction associated with an injection failed for reasons within a Supplier's or Transmission Customer's control.

If an Energy injection at a Proxy Generator Bus is determined to have failed for reasons within a Supplier's or Transmission Customer's control, the Financial Impact Charge will equal: (i) the difference computed by subtracting the actual real-time Energy injection from the amount of the Import scheduled by RTC; multiplied by (ii) the greater of the difference computed by subtracting the RTC price from the RTD price in the relevant interval, or zero.

If a Wheel Through fails for reasons within a Supplier's or Transmission Customer's control, the Financial Impact Charge will equal the sum of the Financial Impact Charge described in this subsection and the Financial Impact Charge described below in subsection D(2).

All Financial Impact Charges collected by the ISO shall be used to reduce the charges assessed under Rate Schedule 1 of this ISO Services Tariff. In the event that the Energy injections

Second Revised Sheet No. 102.01.01

scheduled by RTC₁₅ at a Proxy Generator Bus are Curtailed at the request of the ISO then the Supplier or Transmission Customer that is subjected to the Curtailment, in addition to the charge for Energy Imbalance shall be paid the product (if positive) of: (a) the Real-Time LBMP at the Proxy Generator Bus minus the higher of its real-time Bid and zero; and (b) the ~~s~~Scheduled Energy ~~I~~njections minus the ~~a~~Actual Energy ~~I~~njections at that Proxy Generator Bus for the dispatch hour.

(3) Capacity Limited Resources and Energy Limited Resources

For any hour in which: (i) a Capacity Limited Resource is scheduled to supply Energy, Operating Reserves, or Regulation Service in the Day-Ahead Market; (ii) the sum of its schedules to provide these services exceeds its bid-in upper operating limit; (iii) the Capacity Limited Resource requests a reduction for Capacity limitation reasons; and (iv) the ISO reduces the Capacity Limited Resource's upper operating limit to a level equal to, or greater than, its bid-in upper operating limit; the imbalance charge for Energy, Operating Reserve Service or Regulation Service imposed on that Capacity Limited Resource for that hour for its Day-Ahead Market obligations above its Capacity

Second Revised Sheet No. 102.01

limited upper operating limit shall be equal to the product of: (a) the Real-Time price for Energy, Operating Reserve Service and Regulation Service; and (b) the Capacity Limited Resource's Day-Ahead schedule for each of these services minus the amount of these services that it has an obligation to supply pursuant to its ISO-approved schedule. When a Capacity Limited Resource's Day-Ahead obligation above its Capacity limited upper operating limit is balanced as described above, any real-time variation from its obligation pursuant to its Capacity limited schedules shall be settled pursuant to the methodology set forth in the first paragraph of this subsection C.

For any day in which: (i) an Energy Limited Resource is scheduled to supply Energy, Operating Reserve Service or Regulation Service in the Day-Ahead Market; (ii) the sum of its schedules to provide these services exceeds its bid-in upper operating limit; (iii) the Energy Limited Resource requests a reduction for Energy limitation reasons; and (iv) the ISO modifies the Energy Limited Resource's Day-Ahead upper operating limit; the imbalance charge imposed upon the Energy Limited Resource shall be equal to the sum of its Energy, Operating Reserve Service and Regulation Service imbalances across all twenty four hours of the Energy day, multiplied by the Real-Time price for each service in each hour at its location. However, if the total margin received by the Energy

Second Revised Sheet No. 102.02

Limited Resource for the twenty four hour day is less than its Day-Ahead margin than it shall receive a Day-Ahead Margin Assurance Payment pursuant to Attachment J of this Services Tariff.

Third Revised Sheet No. 102.03

(4) Demand Reductions

When actual Demand Reduction over an hour from a Demand Reduction Provider that is also the LSE providing Energy service to the Demand Side Resource(s) that produced the reduction is less than the Demand Reduction scheduled for that hour, that-LSE shall pay a Demand

Sixth Revised Sheet No. 102A

Reduction imbalance charge consisting of the product of: (a) the greater of the Day-Ahead LBMP or the Real-Time LBMP for that hour and (b) the difference between the scheduled Demand Reduction and the actual Demand Reduction in that hour.

When actual Demand Reduction over an hour from a Demand Reduction Provider that is not the LSE providing Energy service to the Demand Side Resource(s) that produced the reduction is less than the Demand Reduction scheduled over that hour, then (1) the LSE providing Energy service to the Demand Reduction Provider's Demand Side_Resource(s) shall pay a Demand Reduction imbalance charge equal to the product of (a) the Day-Ahead LBMP calculated for that hour for the applicable Load bus and (b) the difference

between the scheduled Demand Reduction and the actual Demand Reduction at that bus in that hour, and (2) the Demand Reduction Provider will pay an amount equal to (a) the product of (i) the higher of the Day-Ahead LBMP or the Real-Time LBMP calculated for that hour for the applicable Load bus, and (ii) the difference between the scheduled Demand Reduction and the actual Demand Reduction at that bus in that hour, and (b) minus the amount paid by the LSE providing service to the Demand Reduction Provider's Demand Side Resource(s) under (1), above.

D. Settlement When Actual Energy Withdrawals are Less Than Scheduled Energy Withdrawals Other Than Actual or Scheduled Withdrawals in Virtual Transactions

(1) General Rules

When a Customer's Actual Energy Withdrawals over an SCD interval are less than its Energy withdrawals scheduled Day-Ahead over that SCD interval, the Customer

Fifth Revised Sheet No. 102B

shall be paid the product of: (a) the Real-Time LBMP calculated in that RTD interval for each applicable Load Zone; and (b) the difference between the sScheduled Energy wWithdrawals and the Actual Energy Withdrawals in that Load Zone.

(2) Failed Transactions

If an Energy withdrawal at a Proxy Generator Bus scheduled by RTC fails in the ISO's checkout process after RTC₁₅, the Supplier or Transmission Customer that was scheduled to make the withdrawal will pay or be paid the energy imbalance charge described above in subsection D(1). In addition, if the checkout failure occurred for the reasons within the Supplier's or Transmission Customer's control it will be required to pay the "Financial Impact Charge" described below. The ISO's Market Mitigation and Analysis Department will determine whether the Transaction associated with a withdrawal failed for reasons within a Supplier's or Transmission Customer's control.

If an Energy withdrawal at a Proxy Generator Bus is determined to have failed for reasons within a Supplier's or Transmission Customer's control, the Financial Impact Charge will equal: (i) the difference computed by subtracting the actual real-time Energy withdrawal from the amount of the Export scheduled by RTC; multiplied by (ii) the greater of the difference computed by subtracting the RTD price in the relevant interval from the RTC price, or zero.

If a Wheel Through fails for reasons within a Supplier's or Transmission Customer's control, the Financial Impact Charge will equal the sum of the Financial Impact Charge described in this subsection and the Financial Impact Charge described above in subsection C(2).

First Revised Sheet No. 102C

All Financial Impact Charges collected by the ISO shall be used to reduce the charges assessed

under Rate Schedule 1 of this ISO Services Tariff.

E. Settlement for Customers Scheduled To Purchase Energy in Virtual Transactions in Load Zones

The Actual Energy Withdrawal in a Load Zone by a Customer scheduled Day-Ahead to purchase Energy in a Virtual Transaction is zero and the Customer shall be paid the product of: (1) the Real-Time LBMP calculated in that hour for the applicable Load Zone; and (b) the scheduled Day-Ahead Energy Withdrawal of the Customer for that Hour in that Load Zone.

F. Settlement When Actual Energy Injections Exceed Scheduled Energy Injections

When a Actual Energy i Injections from a Generator over an RTD interval exceed the Energy injections scheduled Day-Ahead over the RTD interval the Supplier shall be paid the product of: (1) the

Fourth Revised Sheet No. 103

Real-Time LBMP calculated in that RTD interval for the applicable Generator bus and (2) the difference between the lesser of (i) the Supplier's a Actual Energy i Injection or (ii) its Real-Time Scheduled Energy Injection for that RTD interval, plus any Compensable Overgeneration and the Supplier's Day-Ahead s Scheduled Energy i Injection over the RTD interval, unless the payment that the Supplier would receive for such injections would be negative (i.e., unless the LBMP calculated in that RTD interval at the applicable Generator's bus is negative) in which case the Supplier shall be paid the product of: (1) the Real-Time LBMP calculated in that RTD interval for the applicable Generator bus and (2) the difference between the Supplier's a Actual Energy i Injection for that RTD interval and the Supplier's s Scheduled Energy i Injection over that RTD interval. Suppliers shall not be compensated for Energy in excess of their Real-Time Scheduled Energy Injections, except: (i) for Compensable Overgeneration; (ii) when the ISO initiates a large event reserve pickup or a maximum generation pickup under RTD-CAM; or (iii) when a Transmission Owner initiates a reserve pickup in accordance with a Reliability Rule, including a Local Reliability Rule. When there is no large event reserve pickup or maximum generation pickup, or when there is such an instruction but a Supplier is not located in the area affected by the maximum generation pickup, that Supplier shall not be compensated for Energy in excess of its Real-Time Scheduled Energy Injection plus any Compensable Overgeneration. When there is a reserve pickup, or when there is a maximum generation pickup and a Supplier is

Second Revised Sheet No. 103A

located in the area affected by it, and the Supplier was either scheduled to operate in RTD or subsequently was directed to operate by the ISO, that Supplier shall be paid based on the

Fifth Revised Sheet No. 104

product of: (1) the Real-Time LBMP calculated in that RTD Interval for the applicable

| Generator bus; and (2) the ~~a~~Actual Energy ~~i~~njection minus the Energy injection scheduled Day-Ahead. Generators will not be compensated for Energy produced during their start-up sequence.

Services Tariff (Att. B)⁸⁶

Third Revised Sheet No. 350A

If the Energy injections scheduled by RTC₁₅ at a Proxy Generator Bus are Curtailed at the request of the ISO then the Supplier or Transmission Customer whose transaction is Curtailed, in addition to paying the charge for replacement Energy necessary to serve the Load and the charge to balance the TUC, as appropriate, shall be paid the product (if positive) of: (a) the Real-Time LBMP at the Proxy Generator Bus minus the higher of the Real-Time Bid price and zero; and (b) the ~~s~~Scheduled Energy ~~i~~njection minus the ~~a~~Actual Energy ~~i~~njections at that Proxy Generator Bus for the dispatch hour.

⁸⁶ The proposed revisions to Attachment B of the Services Tariff corrects the use of the defined terms “Actual Energy Injections” and “Scheduled Energy Injections.”

OATT (Att. J)⁸⁷

Third Revised Sheet No. 462

As part of the TUC charged to all Transmission Customers whose transmission service was scheduled after the determination of the Day-Ahead schedule, or who schedule additional transmission service after the determination of the Day-Ahead schedule, the ISO shall charge each such Transmission Customer the product of (a) ~~a~~Actual Energy Withdrawals by RTD in each hour, minus the amount of Energy scheduled Day-Ahead to be withdrawn by that Transmission Customer in that hour, in MWh; and (b) the Marginal Losses Component of the Real-Time LBMP at the Point of Delivery (i.e., the Load Zone in which Energy is scheduled to be withdrawn or the external bus where Energy is scheduled to be withdrawn if Energy is scheduled to be withdrawn at a location outside the NYCA), minus the Marginal Losses Component of the Real-Time LBMP at the Point of Receipt, in \$/MWh.

III. TRANSMISSION SERVICE, SCHEDULES AND CURTAILMENT

1.0 ISO's General Responsibilities

The ISO shall evaluate requests for transmission service submitted in the Day- Ahead scheduling process using Security Constrained Unit Commitment ("SCUC"), and will subsequently establish a Day-Ahead schedule. During the Dispatch Day, the ISO shall use the RTC₁₅ to establish schedules for each hour of dispatch in that day.

Third Revised Sheet No. 467A

If the Energy injections scheduled by RTC₁₅ at a Proxy Generator Bus are Curtailed at the request of the ISO then the Supplier of Transmission Customer whose transaction is Curtailed, in addition to paying the charge for replacement Energy necessary to serve the Load, shall be paid the product (if positive) of: (a) the Real-Time LBMP at the Proxy Generator Bus minus the higher of the Real-Time Bid price and zero; and (b) the ~~s~~Scheduled Energy ~~i~~njection minus the ~~a~~Actual Energy ~~i~~njections at that Proxy Generator Bus for the dispatch hour.

⁸⁷ The proposed revisions to Attachment J of the OATT corrects the use of the defined terms "Actual Energy Injections," "Actual Energy Withdrawals," and "Scheduled Energy Injections."