

2.2 Definitions - B

Back-Up Operation: The procedures for operating the NYCA in a safe and reliable manner when the ISO's normal communication or computer systems are not fully functional as set forth in Section 5.3 of this ISO Services Tariff and Article 2.12 of the ISO OATT.

Base Point Signals: Electronic signals sent from the ISO and ultimately received by Generators or Demand Side Resources specifying the scheduled MW output for the Generator. Real-Time Dispatch ("RTD") Base Point Signals are typically sent to Generators or Demand Side Resources on a nominal five (5) minute basis. AGC Base Point Signals are typically sent to Generators or Demand Side Resources on a nominal six (6) second basis.

Basis Amount: The amount owed to the ISO for purchases of Energy and Ancillary Services in the Basis Month, after applying the Price Adjustment, as further adjusted by the ISO to reflect material changes in the extent of the Customer's participation in the ISO-administered Energy and Ancillary Services markets.

Basis Month: The month during the Prior Equivalent Capability Period in which the amount owed by the Customer for Energy and Ancillary Services, after applying the Price Adjustment, was greatest.

Bid/Post System: An electronic information system used to allow the posting of proposed transmission schedules and Bids for Energy and Ancillary Services by Market Participants for use by the ISO and to allow the ISO to post LBMPs and schedules.

Bid: Offer to purchase or bid to sell Energy, Demand Reductions, Transmission Congestion Contracts and/or Ancillary Services at a specified price that is duly submitted to the ISO pursuant to ISO Procedures. Bid shall mean a mitigated Bid where appropriate.

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Bid Price: The price at which the Customer offering the Bid is willing to provide the product or service, or is willing to pay to receive such product or service, as applicable.

Bid Production Cost: Total cost of the Generators required to meet Load and reliability Constraints based upon Bids corresponding to the usual measures of Generator production cost (e.g., running cost, Minimum Generation Bid, and Start-Up Bid).

Bidder: An entity that bids to purchase Unforced Capacity in an Installed Capacity auction.

Bidding Requirement: The credit requirement for bidding in certain ISO-administered auctions, calculated in accordance with Section 26.3.3 of Attachment K to this Services Tariff.

Bilateral Transaction: A Transaction between two or more parties for the purchase and/or sale of Capacity, Energy, and/or Ancillary Services other than those in the ISO Administered Markets. A request to schedule a Bilateral Transaction shall be considered a request to schedule Point-to-Point Transmission Service.

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2.3 Definitions - C

Commission (“FERC”): The Federal Energy Regulatory Commission, or any successor agency.

Compensable Overgeneration: A quantity of Energy injected over a given RTD interval in which a Supplier has offered Energy that exceeds the Real-Time Scheduled Energy Injection established by the ISO for that Supplier and for which the Supplier may be paid pursuant to this Section and ISO Procedures.

For Suppliers not covered by other provisions of this Section; and ii) Intermittent Power Resourcea depending on wind as their fuel for which the ISO has imposed a Wind Output Limit in the given RTD interval, Compensable Overgeneration shall initially equal three percent (3%) of the Supplier’s Normal Upper Operating Limit which may be modified by the ISO if necessary to maintain good Control Performance.

For a Generator which is operating in Start-Up or Shutdown Periods, or Testing Periods, or which is an Intermittent Power Resource that depends on solar energy or landfill gas for its fuel and which has offered its Energy to the ISO in a given interval not using the ISO-committed Flexible or Self-Committed Flexible bid mode, Compensable Overgeneration shall mean all Energy actually injected by the Generator that exceeds the Real-Time Scheduled Energy Injection by the ISO for that Generator. For a Generator operating in intervals when it has been designated as operating Out of Merit at the request of a Transmission Owner or the ISO, Compensable Overgeneration shall mean all Energy actually injected by the Generator that exceeds the Real-Time Scheduled Energy Injection up to the Energy level directed by the Transmission Owner or the ISO.

For Intermittent Power Resources that depend on wind as their fuel and Limited Control Run of River Hydro Resources not using the ISO-Committed Flexible or Self-Committed Flexible bid mode, that were in operation on or before November 18, 1999 within the NYCA, plus an additional 3,300 MW of such Resources, Compensable Overgeneration shall mean that quantity of Energy injected by a Generator, over a given RTD interval that exceeds the Real-Time Scheduled Energy Injection established by the ISO for that Generator and for which the Generator may be paid pursuant to ISO Procedures; provided however, this definition of Compensable Overgeneration shall not apply to an Intermittent Power Resource depending on wind as its fuel for any interval for which the ISO has imposed a Wind Output Limit.

For a Generator comprised of a group of generating units at a single location, which grouped generating units are separately committed and dispatched by the ISO, and for which Energy injections are measured at a single location, Compensable Overgeneration shall mean that quantity of Energy injected by the Generator, during the period when one of its grouped generating units is operating in a Start-Up or Shutdown Period, that exceeds the Real-Time

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Scheduled Energy Injection established by the ISO for that period, for that Generator, and for which the Generator may be paid pursuant to ISO Procedures.

Completed Application: An Application that satisfies all of the information and other requirements for service under the ISO Services Tariff.

2.13 Definitions - M

Minimum Generation Bid: A two-parameter Bid that identifies the minimum operating level a Supplier requires to operate a Generator, and the payment a Supplier requires to operate its Generator, at that level or the minimum quantity of Demand Reduction a Demand Side Resource requires to provide Demand Reduction and the payment the Supplier requires to provide that level of Demand Reduction.

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Minimum Generation Level: For purposes of describing the eligibility of ten minute Resources to be committed by the Real Time Dispatch for pricing purposes pursuant to the Services Tariff, Section 4.4.3.3, an upper bound, established by the ISO, on the physical minimum generation limits specified by ten minute Resources. Ten minute Resources with physical minimum generation limits that exceed this upper bound will not be committed by the Real Time Dispatch for pricing purposes. The ISO shall establish a Minimum Generation Level based on its evaluation of the extent to which it is meeting its reliability criteria including Control Performance. The Minimum Generation Level, in megawatts, and the ISO's rationale for that level, shall be made available through the ISO's website or comparable means.

Minimum Payment Nomination: An offer, submitted in dollars per Megawatt-hour and not to exceed \$500 per Megawatt-hour, to reduce Load equal to the Installed Capacity Equivalent of the amount of Unforced Capacity a Special Case Resource is supplying to the NYCA.

Modified Wheeling Agreement ("MWA"): A Transmission Agreement in existence, as amended, between Transmission Owners, that is associated with existing Generators or power supply contracts, that will be modified effective upon LBMP implementation. The terms and conditions of the MWA will remain the same as the original agreement, except as noted in the ISO OATT.

Monthly Auction: An auction administered by the ISO pursuant to Section 5.13.3 of the ISO Services Tariff.

2.14 Definitions - N

Normal Upper Operating Limit (UOL_N): The upper operating limit that a Generator indicates it expects to be able to reach, or the maximum amount of demand that a Demand Side Resource expects to be able to reduce, during normal conditions. Each Resource will specify its UOL_N in its Bids which shall be reduced when the Resource requests that the NYISO derate its Capacity or the ISO derates the Resource's Capacity. A Normal Upper Operating Limit may be submitted as a function depending on one or more variables, such as temperature or pondage levels, in which case the Normal Upper Operating Limit applicable at any time shall be determined by reference to that schedule.

Northport-Norwalk Scheduled Line: A transmission facility that originates at the Northport substation in New York and interconnects the NYCA to the ISO New England Control Area at the Norwalk Harbor substation in Connecticut.

NPCC: The Northeast Power Coordinating Council.

NRC: The Nuclear Regulatory Commission or any successor thereto.

NYCA Installed Reserve Margin: The ratio of the amount of additional Installed Capacity required by the NYSRC in order for the NYCA to meet NPCC reliability criteria to the forecasted NYCA upcoming Capability Year peak Load, expressed as a decimal.

NYCA Minimum Installed Capacity Requirement: The requirement established for each Capability Year by multiplying the NYCA peak Load forecasted by the ISO by the quantity one plus the NYCA Installed Reserve Margin.

NYCA Minimum Unforced Capacity Requirement: The Unforced Capacity equivalent of the NYCA Minimum Installed Capacity Requirement.

NYPA: The Power Authority of the State of New York.

2.15 Definitions - O

Out-of-Merit: The designation of Resources committed and/or dispatched by the ISO at specified output limits for specified time periods to meet Load and/or reliability requirements that differ from or supplement the ISO's security constrained economic commitment and/or dispatch.

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2.16 Definitions - P

Performance Index: An index, described in ISO Procedures, that tracks a Generator’s response to AGC signals from the ISO.

Performance Tracking System: A system designed to report metrics for Generators and Loads which include but are not limited to actual output and schedules. This system is used by the ISO to measure compliance with criteria associated with the provision of Energy and Ancillary Services.

Point to Point Transmission Service: The reservation and transmission of Capacity and Energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part 3 of the ISO OATT.

Point(s) of Delivery: Point(s) on the NYS Transmission System where Energy transmitted by the ISO will be made available to the Transmission Customer under the OATT. The Point(s) of Delivery shall be specified pursuant to ISO Procedures. (Same as Point of Withdrawal.)

Point(s) of Injection (“POI” or “Point of Receipt”): The point(s) on the NYS Transmission System where Energy, Capacity and Ancillary Services will be made available to the ISO by the delivering party under the ISO OATT or the ISO Services Tariff.

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Point(s) of Receipt: Point(s) of interconnection on the NYS Transmission System where Energy will be made available to the ISO by the Transmission Customer under the OATT. The Point(s) of Receipt shall be specified pursuant to ISO Procedures. (Same as Point of Injection.)

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Point(s) of Withdrawal (“POW” or “Point of Delivery”): The point(s) on the NYS Transmission System where Energy, Capacity and Ancillary Services will be made available to the receiving party under the ISO OATT or the ISO Services Tariff. **Pool Control Error (“PCE”):** The difference between the actual and scheduled interchange with other Control Areas, adjusted for frequency bias.

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Post Contingency: Conditions existing on a system immediately following a Contingency.

Power Exchange (“PE”): A commercial entity meeting the requirements for service under the ISO OATT or the ISO Services Tariff that facilitates the purchase and/or sale of Energy, Unforced Capacity and/or Ancillary Services in a New York Wholesale Market. A PE may transact with the ISO on its own behalf or as an agent for others.

Power Factor: The ratio of real power to apparent power (the product of volts and amperes, expressed in megavolt-amperes, MVA).

Power Factor Criteria: Criteria to be established by the ISO to monitor a Load's use of Reactive Power.

Power Flow: A simulation which determines the Energy flows on the NYS Transmission System and adjacent transmission systems.

Price Adjustment: For each month in the Prior Equivalent Capability Period, the Price Adjustment equals the quotient of dividing (a) the Henry Hub futures gas price for the like month in the succeeding same-season Capability Period by (b) the average Henry Hub spot gas price for that month in the Prior Equivalent Capability Period.

Primary Holder: A Primary Holder of each TCC is the Primary Owner of that TCC or the party that purchased that TCC at the close of the Centralized TCC Auction. With respect to each TCC, a Primary Holder must be: (1) a Transmission Customer that has purchased the TCC in the Centralized TCC Auction, and that has not resold it in that same Auction; (2) a Transmission Customer that has purchased the TCC in a Direct Sale with another Transmission Customer; (3) the Primary Owner who has retained the TCC; or (4) Primary Owners of the TCC that allocated the TCC to certain customers or sold it in the Secondary Market or sold through a Direct Sale to an entity other than a Transmission Customer. The ISO settles Day-Ahead Congestion Rents pursuant to Attachments M and N to the ISO OATT with the Primary Holder of each TCC.

Primary Owner: The Primary Owner of each TCC is the Transmission Owner or other Transmission Customer that has acquired the TCC through conversion of rights under an Existing Transmission Agreement to Grandfathered TCCs (in accordance with Attachment K of the ISO OATT), or through the conversion of Existing Transmission Agreements upon their expiration (in accordance with Attachment B), or the Transmission Owner that acquired the TCC through the ISO's allocation of Original Residual TCCs or through the conversion of ETCNL or an RCR.

Prior Equivalent Capability Period: The previous same-season Capability Period.

Proxy Generator Bus: A proxy bus located outside the NYCA that is selected by the ISO to represent a typical bus in an adjacent Control Area and for which LBMP prices are calculated. The ISO may establish more than one Proxy Generator Bus at a particular Interface with a neighboring Control Area to enable the NYISO to distinguish the bidding, treatment and pricing of products and services at the Interface.

PSC: The Public Service Commission of the State of New York or any successor agency thereto.

Deleted: Pre-Scheduled Transaction Request: An offer submitted, pursuant to ISO Procedures, for priority scheduling of Transactions between the ISO and neighboring Control Areas to: (i) purchase Energy from the LBMP Market at the LBMP Market Price and deliver it to an External Control Area; (ii) sell Energy delivered from an External Control Area to the LBMP Market at the LBMP Market Price; or (iii) wheel Energy through the New York Control Area from one External Control Area to another External Control Area at the market-determined Transmission Usage Charge. Pre-Scheduled Transaction Requests accepted for scheduling reserve Ramp Capacity and Transfer Capability and receive priority scheduling in the LBMP Market.¶

Pre-Scheduled Transaction: A Transaction accepted for scheduling in the designated LBMP Market pursuant to a Pre-Scheduled Transaction Request. Pre-Scheduled Transactions may be withdrawn only with the approval of the ISO pursuant to the ISO Procedures.¶

PSL: The New York Public Service Law, Public Service Law § 1 et seq. (McKinney 1989 & Supp. 1997-98).

Public Power Entity: An entity which is either (i) a public authority or corporate municipal instrumentality, including a subsidiary thereof, created by the State of New York that owns or operates generation or transmission and that is authorized to produce, transmit or distribute electricity for the benefit of the public, or (ii) a municipally owned electric system that owns or controls distribution facilities and provides electric service, or (iii) a cooperatively owned electric system that owns or controls distribution facilities and provides electric service.

2.20 Definitions - T

Transmission Congestion Contracts ("TCCs"): The right to collect or obligation to pay Congestion Rents in the Day-Ahead Market for Energy associated with a single MW of transmission between a specified POI and POW. TCCs are financial instruments that enable Energy buyers and sellers to hedge fluctuations in the price of transmission.

Transmission Customer: Any entity (or its designated agent) that requests or receives Transmission Service pursuant to a Service Agreement and the terms of the ISO OATT.

Transmission District: The geographic area served by the Investor-Owned Transmission Owners and LIPA, as well as the customers directly interconnected with the transmission facilities of the Power Authority of the State of New York.

Transmission Facilities Under ISO Operational Control: The transmission facilities of the Transmission Owners listed in Appendix A-1 of the ISO/TO Agreement, "Listing of Transmission Facilities Under ISO Operational Control," that are subject to the Operational Control of the ISO. This listing may be amended from time-to-time as specified in the ISO/TO Agreement.

Transmission Facilities Requiring ISO Notification: The transmission facilities of the Transmission Owners listed in Appendix A-2 of the ISO/TO Agreement, ("Listing of Transmission Facilities Requiring ISO Notification") whose status of operation must be provided to the ISO by the Transmission Owners (for the purposes stated in the ISO Tariffs and in accordance with the ISO Tariffs and ISO/TO Agreement) prior to the Transmission Owners making operational changes to the state of these facilities. This listing may be amended from time-to-time as specified in the ISO/TO Agreement.

2.18 Definitions - R

Ramp Capacity: The amount of change in the Desired Net Interchange that generation located in the NYCA can support at any given time. Ramp capacity may be calculated for all Interfaces between the NYCA and neighboring Control Areas as a whole or for any individual Interface between the NYCA and an adjoining Control Area.

RCRR TCC:: A zone-to-zone TCC created when a Transmission Owner with a RCRR exercises its right to convert the RCRR into a TCC pursuant to Section 19.5.4 of Attachment M of the ISO OATT.

Reactive Power (MVar): The product of voltage and the out-of-phase component of alternating current. Reactive Power, usually measured in MVar, is produced by capacitors (synchronous condensers), Qualified Non-Generator Voltage Support Resources, and over-excited Generators and absorbed by reactors or under-excited Generators and other inductive devices including the inductive portion of Loads.

Real Power Losses: The loss of Energy, resulting from transporting power over the NYS Transmission System, between the Point of Injection and Point of Withdrawal of that Energy.

Real-Time Bid: A Bid submitted into the Real-Time Commitment before the close of the Real-Time Scheduling Window.

Deleted: at least seventy-five minutes before the start of a dispatch hour, or at least eighty-five minutes before the start of a dispatch hour if the Bid seeks to schedule an External Transaction at the Proxy Generator Bus associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, or the Linden VFT Scheduled Line

Real-Time Commitment (“RTC”): A multi-period security constrained unit commitment and dispatch model that co-optimizes to solve simultaneously for Load, Operating Reserves and Regulation Service on a least-as-bid production cost basis over a two hour and fifteen minute optimization period. The optimization evaluates the next ten points in time separated by fifteen minute intervals. Each RTC run within an hour shall have a designation indicating the time at which its results are posted; “RTC₀₀,” “RTC₁₅,” “RTC₃₀,” and “RTC₄₅” post on the hour, and at fifteen, thirty, and forty-five minutes after the hour, respectively. Each RTC run will produce binding commitment instructions for the periods beginning fifteen and thirty minutes after its scheduled posting time and will produce advisory commitment guidance for the remainder of the optimization period. RTC₁₅ will also establish External Transaction schedules. Additional information about RTC’s functions is provided in Section 4.4.2 of this ISO Services Tariff.

Real-Time Dispatch (“RTD”): A multi-period security constrained dispatch model that co-optimizes to solve simultaneously for Load, Operating Reserves, and Regulation Service on a least-as-bid production cost basis over a fifty, fifty-five or sixty-minute period (depending on when each RTD run occurs within an hour). The Real-Time Dispatch dispatches, but does not commit, Resources, except that RTD may commit, for pricing purposes, Resources meeting Minimum Generation Levels and capable of starting in ten minutes. Real-Time Dispatch runs

will normally occur every five minutes. Additional information about RTD's functions is provided in Section 4.4.3 of this ISO Services Tariff. Throughout this ISO Services Tariff the term "RTD" will normally be used to refer to both the Real-Time Dispatch and to the specialized Real-Time Dispatch Corrective Action Mode software.

Real-Time Dispatch–Corrective Action Mode ("RTD-CAM"): A specialized version of the Real-Time Dispatch software that will be activated when it is needed to address unanticipated system conditions. RTD-CAM is described in Section 4.4.4 of this ISO Services Tariff.

Real-Time LBMP: The LBMPs established through the ISO Administered Real-Time Market.

Real-Time Market: The ISO Administered Markets for Energy and Ancillary Services resulting from the operation of the RTC and RTD.

Real-Time Minimum Run Qualified Gas Turbine: One or more gas turbines, offered in the Real-Time Market, which, because of their physical operating characteristics, may qualify for a minimum run time of two hours in the Real-Time Market. Characteristics that qualify gas turbines for this treatment are established by ISO Procedures and include using waste heat from the gas turbine-generated electricity to make steam for the generation of additional electricity via a steam turbine.

Real-Time Scheduled Energy: The quantity of Energy that a Supplier is directed to inject or withdraw in real-time by the ISO. Injections are indicated by positive Base Point Signals and withdrawals are indicated by negative Base Point Signals. Unless otherwise directed by the ISO, Dispatchable Supplier's Real-Time Scheduled Energy is equal to its RTD Base Point Signal, or, if it is providing Regulation Service, to its AGC Base Point Signal, and an ISO Committed Fixed or Self-Committed Fixed Supplier's Real-Time Scheduled Energy is equal to its bid output level in real-time.

Real-Time Scheduling Window

The period of time within which the ISO accepts offers and bids to sell and purchase Energy and Ancillary Services in the Real-Time Market for a given hour which period closes seventy-five (75) minutes before the start of that hour, or eighty-five (85) minutes before the start of that hour for Bids to schedule External Transactions at the Proxy Generator Buses associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, or the Linden VFT Scheduled Line).

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2.20 Definitions - T

Transmission Congestion Contracts ("TCCs"): The right to collect or obligation to pay Congestion Rents in the Day-Ahead Market for Energy associated with a single MW of

transmission between a specified POI and POW. TCCs are financial instruments that enable Energy buyers and sellers to hedge fluctuations in the price of transmission.

Transmission Customer: Any entity (or its designated agent) that requests or receives Transmission Service pursuant to a Service Agreement and the terms of the ISO OATT.

Transmission District: The geographic area served by the Investor-Owned Transmission Owners and LIPA, as well as the customers directly interconnected with the transmission facilities of the Power Authority of the State of New York.

Transmission Facilities Under ISO Operational Control: The transmission facilities of the Transmission Owners listed in Appendix A-1 of the ISO/TO Agreement, "Listing of Transmission Facilities Under ISO Operational Control," that are subject to the Operational Control of the ISO. This listing may be amended from time-to-time as specified in the ISO/TO Agreement.

Transmission Facilities Requiring ISO Notification: The transmission facilities of the Transmission Owners listed in Appendix A-2 of the ISO/TO Agreement, ("Listing of Transmission Facilities Requiring ISO Notification") whose status of operation must be provided to the ISO by the Transmission Owners (for the purposes stated in the ISO Tariffs and in accordance with the ISO Tariffs and ISO/TO Agreement) prior to the Transmission Owners making operational changes to the state of these facilities. This listing may be amended from time-to-time as specified in the ISO/TO Agreement.

4.1 Market Services - General Rules

4.1.1 Overview

Market Services include all services and functions performed by the ISO under this Tariff related to the sale and purchase of Energy, Capacity or Demand Reductions, and the payment to Suppliers who provide Ancillary Services in the ISO Administered Markets.

4.1.2 Independent System Operator Authority

The ISO shall provide all Market Services in accordance with the terms of the ISO Services Tariff and the ISO Related Agreements. The ISO shall be the sole point of Application for all Market Services provided in the NYCA. Each Market Participant that sells or purchases Energy, including Demand Side Resources, Special Case Resources and Emergency Demand Response

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Program participants, sells or purchases Capacity, or provides Ancillary Services in the ISO Administered Markets utilizes Market Services and must take service as a Customer under this Tariff and enter into a Service Agreement under the Tariff, as set forth in Attachment A; each entity that withdraws Energy to supply Load within the NYCA or provides Installed Capacity to an LSE serving Load within the NYCA utilizes the Control Area Services provided by the ISO and benefits from the reliability achieved as a result of ISO Control Area Services, must take service as a Customer under this Tariff and enter into a Service Agreement under this Tariff, as set forth in Attachment A; and each entity that has its virtual bids accepted and thereby engages in Virtual Transactions and each entity that purchases Transmission Congestion Contracts, excluding Transmission Congestion Contracts that are created prior to January 1, 2010, utilizes Market Services and must take service as a Customer under this Tariff and enter into a Services Agreement under this Tariff, as set forth in Attachment A. Each Customer that utilizes Market Services also utilizes Transmission Service and shall obtain Transmission Service under the ISO OATT.

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4.1.3 Informational and Reporting Requirements

The ISO shall operate and maintain an OASIS, including a Bid/Post System that will facilitate the posting of Bids to supply Energy, Ancillary Services and Demand Reductions by Suppliers for use by the ISO and the posting of Locational Based Marginal Prices (“LBMP”) and schedules for accepted Bids for Energy, Ancillary Services and Demand Reductions. The Bid/Post System will be used to post schedules for Bilateral Transactions. The Bid Post System also will provide historical data regarding Energy and Capacity market clearing prices in addition to Congestion Costs.

4.1.4 Scheduling Prerequisites

~~Pursuant to ISO Procedures, each transaction offered in the Energy, Installed Capacity, Ancillary Services or Transmission Congestion Contract market shall be subject to a minimum size of one (1) megawatt (“MW”), provided however, pursuant to ISO Procedures, Special Case Resources may offer a minimum of 100 kW of Unforced Capacity in the Installed Capacity Market.~~ Each Transaction above one megawatt may be scheduled in tenths of a megawatt, provided, however, Bilateral Transactions and External Transactions in the LBMP Market must be bid and scheduled in increments of one (1) megawatt.

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4.1.5 Communication Requirements for Market Services

~~Customers and Transmission Customers shall utilize Internet service providers to access the ISO’s OASIS and bid/post system.~~ 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.

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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.

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.

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.

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4.2 Day-Ahead Markets and Schedules

4.2.1 Day-Ahead Load Forecasts, Bids and Bilateral Schedules

4.2.1.1 General Customer Forecasting and Bidding Requirements

By 5 a.m., on the day prior to the Dispatch Day (or by 4:50 a.m. for Customers or Transmission Customers seeking to schedule External Transactions at the Proxy Generator Bus associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, or the Linden VFT Scheduled Line): (i) All LSEs serving Load in the NYCA shall provide the ISO with Load forecasts for the Dispatch Day and the day after the Dispatch Day; and (ii) Customers and Transmission Customers submitting Bids in the Day-Ahead Market shall provide the ISO, consistent with ISO Procedures:

4.2.1.1.1 Bids to supply Energy, including Bids to supply Energy in Virtual Transactions;

4.2.1.1.2 Bids to supply Ancillary Services;

4.2.1.1.3 Requests for Bilateral Transaction schedules;

4.2.1.1.4 Bids to purchase Energy, including Bids to purchase Energy in Virtual Transactions; and

4.2.1.1.5 Demand Reduction Bids.

In general, the information provided to the ISO shall include the following:

4.2.1.2 Load Forecasts

The Load forecast shall indicate the predicted level of Load in MW by Point of Withdrawal for each hour.

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Pre-Scheduled Transaction Requests shall be submitted, pursuant to ISO Procedures, no earlier than eighteen (18) months prior to the Dispatch Day, and shall include hourly Transaction quantities (in MW) at each affected External Interface for each specified Dispatch Day. ¶
Customers may submit Pre-Scheduled Transaction Requests for scheduling in the Day-Ahead Market. The ISO shall determine, pursuant to ISO Procedures, the amount of Total Transfer Capability at each External Interface to be made available for scheduling. The ISO shall evaluate Pre-Scheduled Transaction Requests in the order in which they are submitted for evaluation until the Pre-Scheduled Transaction Request expires, pursuant to ISO Procedures, prior to the close of the Day-Ahead Market for the specified Dispatch Day. Modification of a Pre-Scheduled Transaction Request shall constitute a withdrawal of the original request and a submission of a new Pre-Scheduled Transaction Request. At the request of a Customer, the ISO shall continue to evaluate a Pre-Scheduled Transaction Request that was not accepted for scheduling in the priority order in which the Request was originally submitted until it is either accepted for scheduling, is withdrawn or expires, pursuant to ISO Procedures, prior to the close of the Day-Ahead Market for the specified Dispatch Day. The ISO shall accept Pre-Scheduled Transaction Requests for scheduling, pursuant to ISO Procedures, provided that there is Ramp Capacity, and Transfer Capability at each affected External Interface, available in the NYCA for each hour requested ... [1]

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4.2.1.3 Bids by Suppliers Using the ISO Committed Flexible, Self-Committed Flexible, or ISO-Committed Fixed Bid Modes to Supply Energy and/or Ancillary Services

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4.2.1.3.1 General Rules

Day-Ahead Bids by Suppliers using the ISO-Committed Flexible, Self-Committed Flexible or ISO-Committed Fixed bid modes shall identify the Capacity, in MW, available for commitment in the Day-Ahead Market (for every hour of the Dispatch Day) and the price(s) at which the Supplier will voluntarily enter into dispatch commitments. All bids are subject to field size limitations pursuant to ISO Procedures. If the Supplier using the ISO-Committed Flexible or Self-Committed Flexible bid mode is eligible to provide Regulation Service or Operating Reserves under Rate Schedules 3 and 4 respectively of this ISO Services Tariff, the Supplier's Bid may specify the quantity of Regulation Service it is making available and shall specify an emergency response rate that determines the quantity of Operating Reserves that it is capable of providing. Offers to provide Regulation Service and Operating Reserves must comply with the rules set forth in Rate Schedules 3 and 4 of this ISO Services Tariff. If a Supplier that is eligible to provide Operating Reserves does not submit a Day-Ahead Availability Bid for Operating Reserves, its Day-Ahead Bid shall be rejected in its entirety. A Supplier may resubmit a complete Day-Ahead Bid, provided that the new Bid is timely. See Section I of this Section 4.2.1.I for bidding requirements for Demand Side Resources offering Energy in the Day-Ahead Market.

- Deleted: Bids to supply Energy at Proxy Generator Buses shall be priced no lower than the Bid that provides the highest scheduling priority for sales to the relevant LBMP Market plus the product of (i) the Scheduling Differential and (ii) three.
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Suppliers other than Demand Side Resources entering a Bid into a Day-Ahead Market may also enter Day-Ahead offers for each of the next nine (9) Dispatch Days. If not subsequently modified or withdrawn, these offers for subsequent Dispatch Days may be used by the ISO as offers from these Suppliers in the Day-Ahead Market for these subsequent Dispatch Days. For Suppliers that have sold Unforced Capacity in the NYCA for the month in which the Dispatch Day and the nine-day advance bidding period are encompassed, the NYISO may enter

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the eighth day offer as the Bid for that Supplier's ninth day, if there is, otherwise no ninth-day

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Bid.

4.2.1.3.2 Bid Parameters

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Day-Ahead Bids by Suppliers using the ISO-Committed Flexible, Self-Committed

Flexible or ISO-Committed Fixed bid modes, may identify-variable Energy price Bids, consisting

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of up to eleven monotonically increasing, constant cost incremental Energy steps, and other

parameters described in ISO Procedures. Day-Ahead offers from Demand Side Resources of

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Operating Reserves or Regulation Service shall be ISO-Committed Flexible and shall have an

Energy Bid price no lower than \$75/MW hour. Day-Ahead offers by Intermittent Power

Resources that depend on wind as their fuel shall be ISO-Committed Flexible and shall include a

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Minimum Generation Bid of zero megawatts and zero costs and a Start-Up Bid of zero cost.

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Day-Ahead Bids by ISO-Committed Fixed and ISO-Committed Flexible Generators,

other than bids from Intermittent Power Resources that depend on wind as their fuel, shall also

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include Minimum Generation Bids and hourly Start-Up Bids. Bids shall specify whether a

Supplier is offering to be ISO-Committed Fixed, ISO-Committed Flexible, Self-Committed

Fixed, or Self-Committed Flexible.

4.2.1.3.3 Upper Operating Limits and Response Rates

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All Bids to supply Energy and Ancillary Services must specify a UOL_N and a UOL_E for

each hour. A Resource's UOL_E may not be lower than its UOL_N .

Bids from Suppliers for Generators supplying Energy and Ancillary Services must specify a normal response rate and may provide up to three normal response rates provided the minimum normal response rate may be no less than one percent (1%) of the Generator's Operating Capacity per minute. All Bids from Suppliers for Generators supplying Energy and

Ancillary Services must also specify an emergency response rate which shall be greater than or equal to the capacity-weighted average of the Generator's normal response rate.

Bids from Suppliers for Demand Side Resources supplying Ancillary Services must specify a normal response rate and an emergency response rate provided that the emergency response rate may not be lower than the normal response rate. For Demand Side Resources the minimum acceptable response rate is one percent (1%) of the quantity of Demand Reduction the Demand Side Resource produces per minute.

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4.2.1.4 Offers to Supply Energy from Self-Committed Fixed Generators

Self-Committed Fixed Generators shall provide the ISO with a schedule of their expected Energy output for each hour. Self-Committed Fixed Generators are responsible for ensuring that any hourly changes in output are consistent with their response rates. Self-Committed Fixed Generators shall also submit UOL_{NS}, UOL_{ES} and variable Energy Bids for possible use by the ISO in the event that RTD-CAM initiates a maximum generation pickup, as described in Section 4.4.3 of this ISO Services Tariff.

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4.2.1.5 Offers to Supply Energy in Virtual Transactions

Customers submitting offers to supply Energy in Virtual Transactions shall identify the Energy, in MW, available in the Day-Ahead Market (for every hour of the Dispatch Day) and the price(s) at which the Customer will voluntarily make it available.

4.2.1.6 Bids to Purchase Energy in Virtual Transactions

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Customers submitting bids to purchase Energy in Virtual Transactions shall identify the Energy, in MW, to be purchased in the Day-Ahead Market (for every hour of the Dispatch Day) and the price(s) at which the Customer will voluntarily purchase it.

4.2.1.7 Bilateral Transactions

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Transmission Customers requesting Bilateral Transaction schedules shall identify hourly Transaction quantities (in MW) by Point of Injection and Point of Withdrawal, ~~and~~ shall provide other information (as described in ISO Procedures).

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4.2.1.8 Bids to Purchase LBMP Energy in the Day-Ahead Market

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Each purchaser shall submit Bids indicating the hourly quantity of Energy, in MW, that it will purchase from the Day-Ahead Market for each hour of the following Dispatch Day. These Bids shall indicate the quantities to be purchased by Point of Withdrawal. The Bids may identify prices at which the purchaser will voluntarily enter into the Transaction.

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4.2.1.9 Day-Ahead Offers from Demand Reduction Providers to Supply Energy from Demand Reductions

Demand Reduction Providers offering Energy from Demand Side Resources shall: (i) bid in whole megawatts and ~~shall:~~ (ii) identify the amount of demand, in megawatts, that is available for commitment in the Day-Ahead Market (for every hour of the dispatch day) and (iii) identify the prices at which the Demand Reduction Provider will voluntarily enter into dispatch commitments to reduce demand provided, however, the price at which the Demand Reduction Provider will voluntarily enter into dispatch commitments to reduce demand shall be no lower than \$75/MW hour. The Bids will identify the minimum period of time that the Demand Reduction Provider is willing to reduce demand. The Bid may separately identify the Demand

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Reduction Provider's Curtailment Initiation Cost. Demand Reduction Bids from Demand Reduction Providers that are not accepted in the Day-Ahead Market shall expire at the close of the Day-Ahead Market.

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4.2.2 ISO Responsibility to Establish a Statewide Load Forecast

By 8 a.m., or as soon thereafter as is reasonably possible, the ISO will develop and publish its statewide Load forecast on the OASIS. The ISO will use this forecast to perform the SCUC for the Dispatch Day.

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4.2.3 Security Constrained Unit Commitment ("SCUC")

Subject to ISO Procedures and Good Utility Practice, the ISO will develop a SCUC schedule over the Dispatch Day using a computer algorithm which simultaneously minimizes the total Bid Production Cost of: (i) supplying power or Demand Reductions to satisfy accepted purchasers' Bids to buy Energy from the Day-Ahead Market; (ii) providing sufficient Ancillary Services to support Energy purchased from the Day-Ahead Market consistent with the Regulation Service Demand curve and Operating Reserve Demand Curves set forth in Rate Schedules 3 and 4 respectively of this ISO Services Tariff; (iii) committing sufficient Capacity to meet the ISO's Load forecast and provide associated Ancillary Services; and (iv) meeting Bilateral Transaction schedules submitted Day-Ahead excluding schedules of Bilateral Transactions with Trading Hubs as their POWs. The computer algorithm shall consider whether accepting Demand Reduction Bids will reduce the total Bid Production Cost.

The ISO shall compute all NYCA Interface Transfer Capabilities prior to scheduling Transmission Service Day-Ahead. The ISO shall run the SCUC utilizing the computed Transfer Capabilities, submitted Firm Point-to-Point Transmission Service requests, Load forecasts, and submitted Incremental Energy Bids, Decremental Bids and Sink Price Cap Bids.

The schedule will include commitment of sufficient Generators and/or Demand Side Resources to provide for the safe and reliable operation of the NYS Power System. Pursuant to ISO Procedures, the ISO may schedule any Resource to run above its UOL_N up to the level of its UOL_E . In cases in which the sum of all Bilateral Schedules, excluding Bilateral Schedules for Transactions with Trading Hubs as their POWs, and all Day-Ahead Market purchases to serve Load within the NYCA in the Day-Ahead schedule is less than the ISO's Day-Ahead forecast of Load, the ISO will commit Resources in addition to the Operating Reserves it normally maintains to enable it to respond to contingencies. The purpose of these additional resources is to ensure that sufficient Capacity is available to the ISO in real-time to enable it to meet its Load forecast (including associated Ancillary Services). In considering which additional Resources to schedule to meet the ISO's Load forecast, the ISO will evaluate unscheduled Imports, and will not schedule those Transactions if its evaluation determines the cost of those Transactions would effectively exceed a Bid Price cap in the hours in which the Energy provided by those Transactions is required. In addition to all Reliability Rules, the ISO shall consider the following information when developing the SCUC schedule: (i) Load forecasts; (ii) Ancillary Service requirements as determined by the ISO given the Regulation Service Demand Curve and Operating Reserve Demand Curves referenced above; (iii) Bilateral Transaction schedules excluding Bilateral Schedules for Transactions with Trading Hubs as their POWs; (iv) price Bids and operating Constraints submitted for Generators or for Demand Side Resources; (v) price Bids for Ancillary Services; (vi) Decremental Bids and Sink Price Cap Bids for External Transactions; and (vii) Bids to purchase or sell Energy from or to the Day-Ahead Market.

External Transactions with minimum run times greater than one hour will only be scheduled at the requested Bid for the full minimum run time. External Transactions with identical Bids and

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minimum run times greater than one hour will not be prorated. The SCUC schedule shall list the hourly injections and withdrawals for: (a) each Customer whose Bid the ISO accepts for the Dispatch Day; and (b) each Bilateral Transaction scheduled Day-Ahead excluding Bilateral Transactions with Trading Hubs as their POWs.

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In the development of its SCUC schedule, the ISO may commit and de-commit Generators and Demand Side Resources, based upon any flexible Bids, including Minimum Generation Bids, Start-Up Bids, Curtailment Initiation Cost Bids, Energy, and Incremental Energy Bids and Decremental Bids received by the ISO provided however that the ISO shall commit zero megawatts of Energy for Demand Side Resources committed to provide Operating Reserves and Regulation Service.

The ISO will select the least cost mix of Ancillary Services and Energy from Suppliers, Demand Side Resources, and Customers submitting Virtual Transactions bids. The ISO may substitute higher quality Ancillary Services (*i.e.*, shorter response time) for lower quality Ancillary Services when doing so would result in an overall least bid cost solution. For example, 10-Minute Non-Synchronized Reserve may be substituted for 30-Minute Reserve if doing so would reduce the total bid cost of providing Energy and Ancillary Services.

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4.2.3.1 Reliability Forecast for the Dispatch Day

At the request of a Transmission Owner to meet the reliability of its local system, the ISO may incorporate into the ISO's Security Constrained Unit Commitment constraints specified by the Transmission Owner.

A Transmission Owner may request commitment of certain Generators for a Dispatch Day if it determines that certain Generators are needed to meet the reliability of its local system. Such request shall be made before the Day-Ahead Market for that Dispatch Day has closed if the

Transmission Owner knows of the need to commit certain Generators before the Day-Ahead Market close. The ISO may commit one or more Generator(s) in the Day-Ahead Market for a Dispatch Day if it determines that the Generator(s) are needed to meet NYCA reliability requirements.

A Transmission Owner may request commitment of additional Generators for a Dispatch Day following the close of the Day-Ahead Market to meet changed or local system conditions for the Dispatch Day that may cause the Day-Ahead schedules for the Dispatch Day to be inadequate to ensure the reliability of its local system. The ISO will use SRE to fulfill a Transmission Owner's request for additional units.

All Generator commitments made in the Day-Ahead Market pursuant to this Section 4.2.3.1 shall be posted on the ISO website following the close of the Day-Ahead Market, in accordance with ISO procedures. In addition, the ISO shall post on its website a non-binding, advisory notification of a request, or any modifications thereto, made pursuant to this Section 4.2.3.1 in the Day-Ahead Market by a Transmission Owner to commit a Generator that is located within a Constrained Area, as defined in Attachment H of this Services Tariff. The advisory notification shall be provided upon receipt of the request and in accordance with ISO procedures.

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After the Day-Ahead schedule is published, the ISO shall evaluate any events, including, but not limited to, the loss of significant Generators or transmission facilities that may cause the Day-Ahead schedules to be inadequate to meet the Load or reliability requirements for the Dispatch Day.

In order to meet Load or reliability requirements in response to such changed conditions the ISO may: (i) commit additional Resources, beyond those committed Day-Ahead, using a SRE and considering (a) Bids submitted to the ISO that were not previously accepted but were

designated by the bidder as continuing to be available; or (b) new Bids from all Suppliers, including neighboring systems; or (ii) take the following actions: (a) after providing notice, require all Resources to run above their UOL_{NS}, up to the level of their UOL_{ES} (pursuant to ISO Procedures) and/or raise the UOL_{NS} of Capacity Limited Resources and Energy Limited Resources to their UOL_E levels, or (b) cancel or reschedule transmission facility maintenance outages when possible. Actions taken by the ISO in performing supplemental commitments will not change any financial commitments that resulted from the Day-Ahead Market

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4.2.4 Reliability Forecast for the Six Days Following the Dispatch Day

In the SCUC program, system operation shall be optimized based on Bids over the Dispatch Day. However, to preserve system reliability, the ISO must ensure that there will be sufficient resources available to meet forecasted Load and reserve requirements over the seven (7)-day period that begins with the next Dispatch Day. The ISO will perform a Supplemental Resource Evaluation (“SRE”) for days two (2) through seven (7) of the commitment cycle. If it is determined that a long start-up time Generator (*i.e.*, a Generator that cannot be scheduled by SCUC to start up in time for the next Dispatch Day) is needed for reliability, the ISO shall accept a Bid from the Generator and the Generator will begin its start-up sequence. During each day of the start-up sequence, the ISO will perform an SRE to determine if long start-up time Generators will still be needed as previously forecasted. If at any time it is determined that the Generator will not be needed as previously forecasted, the ISO shall order the Generator to abort its start-up sequence.

The ISO will commit to long start-up time Generators to preserve reliability. However, the ISO will not commit resources with long start-up times to reduce the cost of meeting Loads that it expects to occur in days following the next Dispatch Day.

A Supplier that bids on behalf of a long start-up time Generator, including one that is committed and whose start is subsequently aborted by the ISO as described in this Section 4.2.4, may be eligible for a Bid Production Cost Guarantee pursuant to the provisions of Section 4.6.6 and Attachment C of this ISO Services Tariff. The costs of such a Bid Production Cost guarantee will be recovered by the ISO under Rate Schedule 1 of the ISO OATT.

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The ISO shall perform the SRE as follows: (1) The ISO shall develop a forecast of daily system peak Load for days two (2) through seven (7) in this seven (7)-day period and add the appropriate reserve margin; (2) the ISO shall then forecast its available Generators for the day in question by summing the Operating Capacity for all Generators currently in operation that are available for the commitment cycle, the Operating Capacity of all other Generators capable of starting on subsequent days to be available on the day in question, and an estimate of the net Imports from External Bilateral Transactions; (3) if the forecasted peak Load plus reserves exceeds the ISO's forecast of available Generators for the day in question, then the ISO shall commit additional Generators capable of starting prior to the day in question (*e.g.*, start-up period of two (2) days when looking at day three (3)) to assure system reliability; (4) in choosing among Generators with comparable start-up periods, the ISO shall schedule Generators to minimize Minimum Generation Bid and Start-Up Bid costs of meeting forecasted peak Load plus Ancillary Services consistent with the Reliability Rules; (5) in determining the appropriate reserve margin for days two (2) through seven (7), the ISO will supplement the normal reserve requirements to allow for forced outages of the short start-up period units (*e.g.*, gas turbines) assumed to be operating at maximum output in the unit commitment analysis for reliability.

~~Energy Bids are binding for day one (1) only for units in operation or with start-up periods less than one (1) day. Minimum Generation Bids for Generators with start-up periods~~

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greater than one (1) day will be binding only for units that are committed by the ISO and only for the first day in which those units could produce Energy given their start-up periods. For example, Minimum Generation Bids for a Generator with a start-up period of two (2) days would be binding only for day three (3) because, if that unit begins to start up at any time during day one (1), it would begin to produce Energy forty-eight (48) hours later on day three (3). Similarly, the Minimum Generation Bids for a Generator with a start-up period of three (3) days would be binding only for day four (4).

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4.2.5 Post the Day-Ahead Schedule

By 11 a.m. on the day prior to the Dispatch Day, the ISO shall close the Day-Ahead scheduling process and post on the Bid/Post System the Day-Ahead schedule for each entity that submits a Bid or Bilateral Transaction schedule. All schedules shall be considered proprietary, with the posting only visible to the appropriate scheduling Customer and Transmission Owners subject to the applicable Code of Conduct (See Attachment F to the ISO OATT). The ISO will post on the OASIS the statewide aggregate resources (Day-Ahead Energy schedules and total operating capability forecast), Day-Ahead scheduled Load, forecast Load for each Load Zone, and the Day-Ahead LBMP prices (including the Congestion Component and the Marginal Losses Component) for each Load Zone in each hour of the upcoming Dispatch Day. The ISO shall conduct the Day-Ahead Settlement based upon the Day-Ahead schedule determined in accordance with this section and Attachment B to this Services Tariff. The ISO will provide the Transmission Owner with the Load forecast (for seven (7) days) as well as the ISO security evaluation data to enable local area reliability to be assessed.

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4.2.6 Day-Ahead LBMP Market Settlements

The ISO shall calculate the Day-Ahead LBMPs for each Load Zone and at each Generator bus and Demand Reduction Bus as described in Attachment B. Each Supplier that bids a Generator into the ISO Day-Ahead Market and is scheduled in the SCUC to sell Energy in the Day-Ahead Market will be paid the product of: (a) the Day-Ahead hourly LBMP at the applicable Generator bus; and (b) the hourly Energy schedule. Each Supplier that bids an External Transaction into the Day-Ahead LBMP Market and is scheduled in the SCUC to sell Energy into the Day-Ahead LBMP Market will be paid the product of (a) the Day-Ahead LBMP at the applicable Proxy Generator Bus and (b) the External Transaction schedule. For each Demand Reduction Provider that bids a Demand Reduction into the Day-Ahead Market and is scheduled in SCUC to provide Energy from the Demand Reduction, the LSE providing Energy service to the Demand Side Resource that accounts for the Demand Reduction shall be paid the product of: (a) the Day-Ahead hourly LBMP at the applicable Demand Reduction Bus; and (b) the hourly demand reduction scheduled Day-Ahead (in MW). In addition, each Demand Reduction Provider that bids a Demand Reduction into the Day-Ahead Market and is scheduled in the SCUC to provide Energy through Demand Reduction shall receive a Demand Reduction Incentive Payment from the ISO equal to the product of: (a) the Day-Ahead hourly LBMP at the Demand Reduction bus; and (b) the lesser of the actual hourly Demand Reduction or the scheduled hourly Demand Reduction (in MW). Each Customer that bids into the Day-Ahead Market, including each Customer that submits a Bid for a Virtual Transaction, and has a schedule accepted by the ISO to purchase Energy in the Day-Ahead Market will pay the product of: (a) the Day-Ahead hourly Zonal LBMP at each Point of Withdrawal; and (b) the scheduled Energy at each Point of Withdrawal. Each Supplier that bids an External Transaction into the Day-Ahead LBMP Market and is scheduled in the SCUC to buy Energy from the Day-Ahead LBMP Market will pay the

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product of (a) the Day-Ahead LBMP at the applicable Proxy Generator Bus and (b) the External Transaction schedule. Each Customer that submits a Virtual Transaction bid into the ISO Day-Ahead Market and has a schedule accepted by the ISO to sell Energy in a Load Zone in the Day-Ahead Market will receive a payment equal to the product of (a) the Day-Ahead hourly zonal LBMP for that Load Zone; and (b) the hourly scheduled Energy for the Customer in that Load Zone. Each Trading Hub Energy Owner who bids a Bilateral Transaction into the Day-Ahead Market with a Trading Hub as its POI and has its schedule accepted by the ISO will pay the product of: (a) the Day-Ahead hourly zonal LBMP for the Load Zone associated with that Trading Hub; and (b) the Bilateral Transaction scheduled MW. Each Trading Hub Energy Owner who bids a Bilateral Transaction into the Day-Ahead Market with a Trading Hub as its POW and has its schedule accepted by the ISO will be paid the product of: (a) the Day-Ahead hourly zonal LBMP for the Load Zone associated with that Trading Hub; and (b) the Bilateral Transaction scheduled MW.

The ISO shall publish the Day-Ahead Settlement Load Zone LBMPs for each hour in the

Dispatch Day.

4.4 Real-Time Markets and Schedules

4.4.1 Real-Time Commitment (“RTC”)

4.4.1.1 Overview

RTC will make binding unit commitment and de-commitment decisions for the periods beginning fifteen minutes (in the case of Resources that can respond in ten minutes) and thirty minutes (in the case of Resources that can respond in thirty minutes) after the scheduled posting

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For any hour in which the operator of an External Control Area informs the ISO that it must call on a Supplier located in the NYCA to provide the External Control Area with Energy, and that Supplier has previously committed to provide installed capacity to the External Control Area, then the ISO shall ensure, to the extent possible, that the required quantity of Energy will flow to the External Control Area in the hour. If the Supplier has already submitted an Export to the External Control Area for evaluation by the ISO, the ISO shall treat the Export as an in-day Pre-Scheduled Transaction. Such a Transaction shall be assigned a Sink Price Cap Bid that provides the highest scheduling priority available. If the Supplier has not previously submitted an Export for evaluation by the ISO it shall immediately submit such a bid into RTC. The ISO shall schedule the proposed Export as an in-day Pre-Scheduled Transaction, with the highest scheduling priority available, unless there is no Ramp Capacity or Transfer Capability on the relevant External Interface, in which case the Export will not be scheduled. To the extent that Ramp Capacity or Transfer Capability are available to support only a portion of an in-day Pre-Scheduled Transaction the ISO will schedule that portion of the Transaction.¶ In-day Pre-Scheduled Transactions will only be subject to Curtailment in the same limited circumstances as other Pre-Scheduled Transactions. ¶ In-day Pre-Scheduled Transactions may not be scheduled at Proxy Generator Buses that are associated with Scheduled Lines.

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time of each RTC run, will provide advisory commitment information for the remainder of the two and a half hour optimization period, and will produce binding schedules for External Transactions to begin at the start of each hour. RTC will co-optimize to solve simultaneously for all Load, Operating Reserves and Regulation Service requirements and to minimize the total as-bid production costs over its optimization timeframe. RTC will consider SCUC's Resource commitment for the day, load forecasts that RTC itself will produce each quarter hour, binding transmission constraints, and all Real-Time Bids and Bid parameters submitted pursuant to Section 4.4.1.2 below.

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4.4.1.2 Bids and Other Requests

After the Day-Ahead schedule is published and before the close of the Real-Time Scheduling Window for each hour, Customers may submit Real-Time Bids into the Real-Time Market for real-time evaluation by providing all information required to permit real-time evaluation pursuant to ISO Procedures.

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4.4.1.2.1 Real-Time Bids to Supply Energy and Ancillary Services

Intermittent Power Resources that depend on wind as their fuel submitting new or revised offers to supply Energy shall bid as ISO-Committed Flexible and shall submit a Minimum Generation Bid of zero MW and zero cost and a Start-Up Bid at zero cost. Eligible Customers may submit new or revised Bids to supply Energy, Operating Reserves and/or Regulation Service. Customers that submit such Bids may specify different Bid parameters in real-time than they did Day-Ahead. Incremental Energy Bids may be submitted by Suppliers bidding Resources using ISO-Committed Fixed, ISO-Committed Flexible, and Self-Committed Flexible bid modes that exceed the Incremental Energy Bids submitted in the Day-Ahead Market or the mitigated Day-Ahead Incremental Energy Bids where appropriate, for portions of the Capacity

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of such Resources that were scheduled in the Day-Ahead Market, if not otherwise prohibited pursuant to other provisions of the tariff. Minimum Generation Bids and Start-Up Bids for any hour in which such Resources received a Day-Ahead Energy schedule may not exceed the Minimum Generation Bids and Start-up Bids submitted for those Resources in the Day-Ahead Market. Additionally, Real-Time Minimum Run Qualified Gas Turbine Customers shall not increase their previously submitted Real-Time Incremental Energy Bids, Minimum Generation Bids, or Start-Up Bids within 135 minutes of the dispatch hour. Bids to supply Energy or Ancillary Services shall be subject to the rules set forth in Section 4.2.1 of this ISO Services Tariff.

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Suppliers bidding on behalf of Generators that did not receive a Day-Ahead schedule for a given hour may offer their Generators using the ISO-Committed Flexible, Self-Committed Flexible, Self-Committed Fixed bid mode, or, with ISO approval, the ISO-Committed Fixed bid modes in real-time. Suppliers bidding on behalf of Demand Side Resources that did not receive a Day-Ahead schedule to provide Operating Reserves or Regulation Service for a given hour may offer to provide Operating Reserves or Regulation Service using the ISO-Committed

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Flexible bid mode for that hour in the Real-Time Market provided, however, that the Demand Side Resource shall have an Energy price Bid no lower than \$75 /MW hour. A Supplier bidding on behalf of a Generator that received a Day-Ahead schedule for a given hour may not change the bidding mode for that Generator for the Real-Time Market for that hour provided, however, that Generators that were scheduled Day-Ahead in Self-Committed Fixed mode may switch, with ISO approval, to ISO-Committed Fixed bidding mode in real-time. Generators that were scheduled Day-Ahead in ISO-Committed Fixed mode will be scheduled as Self-Committed

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Fixed in the Real-Time Market unless, with ISO approval, they change their bidding mode to ISO-Committed Fixed.

A Generator with a real time physical operating problem that makes it impossible for it to operate in the bidding mode in which it was scheduled Day-Ahead should notify the NYISO.

Generators and Demand Side Resources may not submit separate Operating Reserves Availability Bids in real-time and will instead automatically be assigned a real-time Operating Reserves Availability Bid of zero for the amount of Operating Reserves they are capable of providing in light of their response rate (as determined under Rate Schedule 4).

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4.4.1.2.2 Bids Associated with Internal and External Bilateral Transactions

Customers may seek to modify Bilateral Transactions that were previously scheduled Day-Ahead or propose new Bilateral Transactions, including External Transactions, for economic evaluation by RTC, provided however, that Bilateral Transactions with Trading Hubs as their POWs that were previously scheduled Day-Ahead may not be modified. Bids associated with Internal Bilateral Transactions shall be subject to the rules set forth above in Section

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External Transaction Bids must have a one hour duration, must start and stop on the hour, and must have constant magnitude for the hour. Intra-hour schedule changes, or Bid modifications, associated with External Transactions will not be accommodated. Transmission Customers scheduling External Bilateral Transactions shall also be subject to the provisions of Attachment J of the ISO OATT.

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4.4.1.2.3 Self-Commitment Requests

Self-Committed Flexible Resources must provide the ISO with schedules of their expected minimum operating points in quarter hour increments. Self-Committed Fixed

Resources must provide their expected actual operating points in quarter hour increments or, with ISO approval, bid as an ISO-Committed Fixed Generator.

4.4.1.2.4 ISO-Committed Fixed

The ability to use the ISO-Committed Fixed bidding mode in the Real-Time Market shall be subject to ISO approval pursuant to procedures, which shall be published by the ISO.

Generators that have exclusively used the Self-Committed Fixed or ISO-Committed Fixed bid modes in the Day-Ahead Market or that do not have the communications systems, operational control mechanisms or hardware to be able to respond to five-minute dispatch basepoints are eligible to bid using the ISO-Committed Fixed bid mode in the Real-Time Market. Real-Time

Bids by Generators using the ISO-Committed Fixed bid mode in the Real-Time Market shall provide variable Energy price Bids, consisting of up to eleven monotonically increasing, constant cost incremental Energy steps, Minimum Generation Bids, hourly Start-Up Bids and other information pursuant to ISO Procedures.

RTC shall schedule ISO-Committed Fixed Generators.

4.4.1.3 External Transaction Scheduling

RTC¹⁵ will schedule External Transactions on an hour-ahead basis as part of its development of a co-optimized least-bid cost real-time commitment. RTC will alert the ISO when it appears that scheduled External Transactions need to be reduced for reliability reasons but will not automatically Curtail them. Curtailment decisions will be made by the ISO, guided by the information that RTC provides, pursuant to the rules established by Attachment B of this ISO Services Tariff and the ISO Procedures. External Bilateral Transaction schedules are also governed by the provisions of Attachment J of the OATT.

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4.4.1.4 Posting Commitment/De-Commitment and External Transaction Scheduling

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Tariff, RTC will make all Resource commitment and de-commitment decisions. RTC will make all economic commitment/de-commitment decisions based upon available offers assuming Suppliers internal to the NYCA have a one-hour minimum run time; provided however, Real-Time Minimum Run Qualified Gas Turbines shall be assumed to have a two-hour minimum run time.

RTC will produce advisory commitment information and advisory real-time prices. RTC will make decisions and post information in a series of fifteen-minute “runs” which are described below.

RTC₁₅ will begin at the start of the first hour of the RTC co-optimization period and will post its commitment, de-commitment, and External Transaction scheduling decisions no later than fifteen minutes after the start of that hour. During the RTC₁₅ run, RTC will:

- (i) Commit Resources with 10-minute start-up times that should be synchronized by the time that the results of the next RTC run are posted so that they will be synchronized and running at their scheduled generation levels by that time;
- (ii) Commit Resources with 30-minute start-up times that should be synchronized by the time that the results of the RTC run following the next RTC run are posted so that they will be synchronized and running at their scheduled generation levels by that time;

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- (iii) De-commit Resources that should be disconnected from the network by the time that the results of the next RTC run are posted so that they will be disconnected by that time;
- (iv) Issue advisory commitment and de-commitment guidance for periods more than thirty minutes in the future and advisory dispatch information;
- (v) Schedule economic External Transactions to run during the entirety of the next hour; and
- (vi) Schedule ISO-Committed Fixed Resources.

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All subsequent RTC runs in the hour, i.e., RTC_{30} , RTC_{45} , and RTC_{00} will begin executing at fifteen minutes before their designated posting times (for example, RTC_{30} will begin in the fifteenth minute of the hour), and will take the following steps:

- (i) Commit Resources with 10-minute start-up times that should be synchronized by the time that the results of the next RTC run are posted so that they will be synchronized and running at that time;
- (ii) Commit Resources with 30-minute start-up times that should be synchronized by the time that the results of the RTC run following the next RTC run are posted so that they will be synchronized and running at that time;
- (iii) De-commit Resources that should be disconnected from the network by the time that the results of the next RTC run are posted so that they will be disconnected at that time;
- (iv) Issue advisory commitment, de-commitment, and dispatching guidance for the period from thirty minutes in the future until the end of the RTC co-optimization period;

- (v) Either reaffirm that the External Transactions scheduled by RTC₁₅ to flow in the next hour should flow, or inform the ISO that External Transactions may need to be reduced; and
- (vi) Schedule ISO-Committed Fixed Resources.

4.4.1.5 External Transaction Settlements

Settlements for External Transactions in the LBMP Market are described Sections 4.2.6 and 4.5 of this ISO Services Tariff. Settlements for External Bilateral Transactions are described in Attachment J and Rate Schedules 7 and 8 of the OATT.

4.4.2 Real-Time Dispatch

4.4.2.1 Overview

The Real-Time Dispatch will make dispatching decisions, send Base Point Signals to Internal Generators and Demand Side Resources, calculate Real-Time Market clearing prices for Energy, Operating Reserves, and Regulation Service, and establish real-time schedules for those products on a five-minute basis, starting at the beginning of each hour. The Real-Time Dispatch will not make commitment decisions and will not consider start-up costs in any of its dispatching or pricing decisions, except as specifically provided in Section 4.4.2.3 below. Each Real-Time Dispatch run will co-optimize to solve simultaneously for Load, Operating Reserves, and Regulation Service and to minimize the total cost of production over its bid optimization horizon (which may be fifty, fifty-five, or sixty minutes long depending on where the run falls in the hour.) In addition to producing a binding schedule for the next five minutes, each Real-Time Dispatch run will produce advisory schedules for the remaining four time steps of its bid-

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- Deleted: if constraints at the interface associated with that External Transaction are binding. In addition, RTC₁₅ will calculate Real-Time LBMPs at Proxy Generator Buses for any hour in which: (i) proposed economic Transactions over the Interface between the NYCA and the External Control Area that the Proxy Generator Bus is associated with would exceed the Available Transfer Capability for the Proxy Generator Bus or for that Interface; (ii) proposed interchange schedule changes pertaining to the NYCA as a whole would exceed any Ramp Capacity limits in place for the NYCA as a whole; or (iii) proposed interchange schedule changes pertaining to the Interface between the NYCA and the External Control Area that the Proxy Generator Bus is associated with would exceed any Ramp Capacity limit imposed by the ISO for the Proxy Generator Bus or for that Interface. Finally, Real-Time LBMPs will be determined at certain times at Non-Competitive Proxy Generator Buses and Proxy Generator Buses associated with designated Scheduled Lines that are subject to the Special Pricing Rules as
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optimization horizon (which may be five, ten, or fifteen minutes long depending on where the run falls in the hour). An advisory schedule may become binding in the absence of a subsequent Real-Time Dispatch run. RTD will use the most recent system information and the same set of Bids and constraints that are considered by RTC.

4.4.2.2 Calculating Real-Time Market LBMPs and Advisory Prices

RTD shall calculate *ex ante* Real-Time LBMPs at each Generator bus, and for each Load Zone in each RTD cycle, in accordance with the procedures set forth in Attachment B to this ISO Services Tariff. RTD will also calculate and post advisory Real-Time LBMPs for the next four quarter hours in accordance with the procedures set forth in Attachment B.

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4.4.2.3 Real-Time Pricing Rules for Scheduling Ten Minute Resources

RTD may commit and dispatch, for pricing purposes, Resources meeting Minimum Generation Levels and capable of starting within ten minutes (“eligible Resources”) when necessary to meet load. Eligible Resources committed and dispatched by RTD for pricing purposes may be physically started through normal ISO operating processes. In the RTD cycle in which RTD commits and dispatches an eligible Resource, RTD will consider the Resource’s start-up and incremental energy costs and will assume the Resource has a zero downward response rate for purposes of calculating *ex ante* Real-Time LBMPs pursuant to Attachment B to this ISO Services Tariff.

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4.4.2.4 Converting to Demand Reduction, Special Case Resource Capacity scheduled as Operating Reserves, Regulation or Energy in the Real-Time Market

The ISO shall convert to Demand Reductions, in hours in which the ISO requests that Special Case Resources reduce their demand pursuant to ISO Procedures, any Operating

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Reserves, Regulation Service or Energy scheduled in the Day-Ahead Market from Demand Side Resources that are also providing Special Case Resource Capacity. The ISO shall settle the Demand Reduction provided by that portion of the Special Case Resource Capacity that was scheduled Day-Ahead as Operating Reserves, Regulation Service or Energy as being provided by a Supplier of Operating Reserves, Regulation Service or Energy as appropriate. The ISO shall settle any remaining Demand Reductions provided beyond Capacity that was scheduled Day-Ahead as Ancillary Services or Energy as being provided by a Special Case Resource, provided such Demand Reduction is otherwise payable as a reduction by a Special Case Resource.

Operating Reserves or Regulation Service scheduled Day-Ahead and converted to Energy in real time pursuant to this Section 4.4.2.4, will be eligible for a Day-Ahead Margin Assurance Payment, pursuant to Attachment J of this ISO Services Tariff.

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Special Case Resource Capacity that has been scheduled in the Day-Ahead Market to provide Operating Reserves, Regulation Service or Energy and that has been instructed as a Special Case Resource to reduce demand shall be considered, for the purpose of applying Real-Time special scarcity pricing rules described in Attachment B of this Services Tariff, to be a Special Case Resource.

The ISO shall not accept offers of Operating Reserves or Regulation Service in the Real-Time Market from Demand Side Resources that are also providing Special Case Resource Capacity for any hour in which the ISO has requested Special Case Resources to reduce demand.

4.4.2.5 Converting to Demand Reduction Curtailment Services Provider Capacity scheduled as Operating Reserves, Regulation or Energy in the Real-Time Market

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The ISO shall convert to Demand Reductions, in hours in which the ISO requests Demand Reductions from the Emergency Demand Response Program pursuant to ISO Procedures, any Operating Reserves, Regulation Service or Energy scheduled in the Day-Ahead Market by Demand Side Resources that are also providing Curtailment Services Provider Capacity. The ISO shall settle the Demand Reduction provided by that portion of the Curtailment Services Provider Capacity that was scheduled Day-Ahead as Operating Reserves, Regulation Service or Energy as being provided by a Supplier of Operating Reserves, Regulation Service or Energy as appropriate. The ISO shall settle Demand Reductions provided beyond Capacity that was scheduled Day-Ahead as ancillary services or Energy as being provided by a Curtailment Services Provider.

Operating Reserves or Regulation Service scheduled Day-Ahead and converted to Energy in real time pursuant to this Section 4.4.2.5, will be eligible for a Day-Ahead Margin Assurance Payment, pursuant to Attachment J of this ISO Services Tariff.

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Curtailment Services Provider Capacity that has been scheduled in the Day-Ahead Market as Operating Reserves, Regulation Service or Energy and that has been instructed to reduce demand shall be considered, for the purpose of applying Real-Time special scarcity pricing rules described in Attachment B of this Services Tariff, to be a Emergency Demand Response Program Resource.

The ISO shall not accept offers of Operating Reserves and Regulation Service in the Real-Time Market from Demand Side Resources that are also providing Curtailment Services Provider Capacity for any hour in which the ISO has requested participants in the Emergency Demand Response Program pursuant to ISO Procedures to reduce demand.

4.4.2.6 Real-Time Scarcity Pricing Rules Applicable to Regulation Service and Operating Reserves During EDRP and/or SCR Activations

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Under Sections 17.1.1.2 and 17.1.1.3 of Attachment B to this ISO Services Tariff, and Sections 16.1.1.2 and 16.1.1.3 of Attachment J to the ISO OATT, the ISO will use special scarcity pricing rules to calculate Real-Time LBMPs during intervals when it has activated the EDRP and/or SCRs in order to avoid reserves shortages. During these intervals, the ISO will also implement special scarcity pricing rules for real-time Regulation Service and Operating Reserves. These rules are set forth in Section 15.3.2.5.2 of Rate Schedule 15.3 and Section 15.4.6.2 of Rate Schedule 15.4 of this ISO Services Tariff.

4.4.2.7 Post the Real-Time Schedule

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Subsequent to the close of the Real-Time Scheduling Window, the ISO shall post the real-time schedule for each entity that submits a Bid or Bilateral Transaction schedule. All schedules shall be considered proprietary, with the posting only visible to the appropriate scheduling Customer, Transmission Customer and Transmission Owners subject to the applicable Code of Conduct (See Attachment F to the ISO OATT). The ISO will post on the OASIS the real-time Load for each Load Zone, and the real-time LBMP prices (including the Congestion Component and the Marginal Losses Component) for each Load Zone for each hour of the Dispatch Day. The ISO shall conduct the real-time settlement based upon the real-time schedule determined in accordance with this Section.

4.4.3 Real-Time Dispatch - Corrective Action Mode

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When the ISO needs to respond to system conditions that were not anticipated by RTC or the regular Real-Time Dispatch, *e.g.*, the unexpected loss of a major Generator or Transmission line, it will activate the specialized RTD-CAM program. RTD-CAM runs will be nominally

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either five or ten minutes long, as is described below. Unlike the Real-Time Dispatch, RTD-CAM will have the ability to commit certain Resources. When RTD-CAM is activated, the ISO will have discretion to implement various measures to restore normal operating conditions. These RTD-CAM measures are described below.

The ISO shall have discretion to determine which specific RTD-CAM mode should be activated in particular situations. In addition, RTD-CAM may require Resources to run above their UOL_{NS}, up to the level of their UOL_{ES} as is described in the ISO Procedures. Self-Committed Fixed Resources will not be expected to move in response to RTD-CAM Base Point Signals except when a maximum generation pickup is activated.

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Except as expressly noted in this section, RTD-CAM will dispatch the system in the same manner as the normal Real-Time Dispatch.

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4.4.3.1 RTD-CAM Modes

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4.4.3.1.1 Reserve Pickup

The ISO will enter this RTD-CAM mode when necessary to re-establish schedules when large area control errors occur. When in this mode, RTD-CAM will send 10-minute Base Point Signals and produce schedules for the next ten minutes. RTD-CAM may also commit, or if necessary de-commit, Resources capable of starting or stopping within 10-minutes. The ISO will continue to optimize for Energy and Operating Reserves, will recognize locational Operating Reserve requirements, but will suspend Regulation Service requirements. If Resources are committed or de-committed in this RTD-CAM mode the schedules for them will be passed to RTC and the Real-Time Dispatch for their next execution.

The ISO will have discretion to classify a reserve pickup as a “large event” or a “small event.” In a small event the ISO will have discretion to reduce Base Point Signals in order to

reduce transmission line loadings. The ISO will not have this discretion in large events. The distinction also has significance with respect to a Supplier's eligibility to receive Bid Production Cost guarantee payment in accordance with Section 4.6.6 and Attachment C of this ISO Services Tariff.

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4.4.3.1.2 Maximum Generation Pickup

The ISO will enter this RTD-CAM mode when an Emergency makes it necessary to maximize Energy production in one or more location(s), i.e., Long Island, New York City, East of Central East and/or NYCA-wide. RTD-CAM will produce schedules directing all Generators located in a targeted location to increase production at their emergency response rate up to their UOL_E level and to stay at that level until instructed otherwise. Security constraints will be obeyed to the extent possible. The ISO will continue to optimize for Energy and Operating Reserves, will recognize locational Operating Reserve requirements, but will suspend its Regulation Service requirements.

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4.4.3.1.3 Base Points ASAP -- No Commitments

The ISO will enter this RTD-CAM mode when changed circumstances make it necessary to issue an updated set of Base Point Signals. Examples of changed circumstances that could necessitate taking this step include correcting line, contingency, or transfer overloads and/or voltage problems caused by unexpected system events. When operating in this mode, RTD-CAM will produce schedules and Base Point Signals for the next five minutes but will only redispach Generators that are capable of responding within five minutes. RTD-CAM will not commit or de-commit Resources in this mode.

4.4.3.1.4 Base Points ASAP -- Commit As Needed

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This operating mode is identical to Base Points ASAP – No Commitments, except that it also allows the ISO to commit Generators that are capable of starting within 10 minutes when doing so is necessary to respond to changed system conditions.

4.4.3.1.5 Re-Sequencing Mode

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When the ISO is ready to de-activate RTD-CAM, it will often need to transition back to normal Real-Time Dispatch operation. In this mode, RTD-CAM will calculate normal five-minute Base Point Signals and establish five minute schedules. Unlike the normal RTD-Dispatch, however, RTD-CAM will only look ahead 10-minutes. RTD-CAM re-sequencing will terminate as soon as the normal Real-Time Dispatch software is reactivated and is ready to produce Base Point signals for its entire optimization period.

4.4.3.2 Calculating Real-Time LBMPs

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When RTD-CAM is activated, RTD shall calculate *ex ante* Real-Time LBMPs at each Generator bus, and for each Load Zone in accordance with the procedures set forth in Attachment B of this ISO Services Tariff.

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4.4.3.3 Posting Commitment Decisions¶

To the extent that RTD-CAM makes commitment and de-commitment decisions they will be posted at the same time as Real-Time LBMPs.

4.5 Real-Time Market Settlements

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Transmission Customers and Customers taking service under this ISO Services Tariff or the ISO OATT, shall be subject to the Real-Time Market Settlement. S All withdrawals and injections not scheduled on a Day-Ahead basis, including Real-Time deviations from any Day-Ahead External Transaction schedules, shall be subject to the Real-Time Market Settlement.

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Transmission Customers not taking service under this Tariff shall be subject to balancing charges as provided for under the ISO OATT. Settlements with Suppliers scheduling service from

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External Suppliers to the LBMP Market or to External Loads from the LBMP Market will be based upon scheduled withdrawals or injections. Real-Time Market Settlements for injections by Resources supplying Regulation Service or Operating Reserves shall follow the rules which are described in Rate Schedules 15.3 and 15.4, respectively.

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For the purposes of this section, the scheduled output of each of the following Generators in each RTD interval in which it has offered Energy shall retroactively be set equal to its actual output in that RTD interval:

- (i) Generators providing Energy under contracts executed and effective on or before November 18, 1999 (including PURPA contracts) in which the power purchaser does not control the operation of the supply source but would be responsible for penalties for being off-schedule, with the exception of Generators under must-take PURPA contracts executed and effective on or before November 18, 1999 who have not provided telemetering to their local TO and historically have not been eligible to participate in the NYPP market, which will continue to be treated as TO Load modifiers under the ISO-administered markets;
- (ii) Existing topping turbine Generators and extraction turbine Generators producing electric Energy resulting from the supply of steam to the district steam system located in New York City (LBMP Zone J) 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 used the ISO-Committed Flexible or Self-Committed Flexible bid mode.

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In Sections 4.5.1, 4.5.2, 4.5.3, 4.5.4, 4.5.5 and 4.5.6 of this Tariff, references to Scheduled Energy Injections and Scheduled Energy 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 Sections 4.5.1, 4.5.3, 4.5.4 and 4.5.6 of this Tariff, 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, including Limited Energy Storage Resources, 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 15.4.6 of Rate Schedule 15.3 of this ISO Services Tariff.

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4.5.1 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 Scheduled Energy Withdrawals at that Load Zone.

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4.5.2 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.

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

4.5.3.1 General Rule

When the Actual Energy Injections 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 Actual Energy Injections at that bus; or (ii) the Supplier's Real-Time Scheduled Energy Injection plus any Compensable Overgeneration.

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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.

4.5.3.2 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 Section 4.5.3.1. 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 section and the Financial Impact Charge described below in Section 4.5.4.2.

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 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 eligible to receive an Import Curtailment Guarantee Payment for its curtailed Import pursuant to Attachment J of this ISO Services Tariff.

4.5.3.3 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 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 Section 4.5.3.1.

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For any day in which: (i) an Energy 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 Normal Upper Operating Limit; (iii) the Energy Limited Resource requests a reduction for Energy limitation reasons; and (iv) the ISO reduces the Energy Limited Resource's Day-Ahead Emergency Upper Operating Limit to a limit no lower than the Normal Upper Operating Limit; the Resource may be eligible to receive a Day-Ahead Margin Assurance Payment pursuant to Attachment J of this ISO Services Tariff.

4.5.3.4 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 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.

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

4.5.4.1 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 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 ~~Scheduled Energy Withdrawals~~ and the Actual Energy Withdrawals in that Load Zone.

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4.5.4.2 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 Section 4.5.4.1. 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 Section 4.5.3.2.

All Financial Impact Charges collected by the ISO shall be used to reduce the charges assessed under Rate Schedule 15.1 of this ISO Services Tariff.

4.5.5 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.

4.5.6 Settlement When Actual Energy Injections Exceed Scheduled Energy Injections

When Actual Energy 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 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 Actual Energy Injection or (ii) its Real-Time Scheduled Energy Injection for that RTD interval, plus any Compensable Overgeneration and the Supplier's Day-Ahead Scheduled Energy 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 Actual Energy Injection for that RTD interval and the Supplier's Scheduled Energy 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

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is a maximum generation pickup and a Supplier is 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 product of: (1) the Real-Time LBMP calculated in that RTD Interval for the applicable Generator bus; and (2) the Actual Energy Injection minus the Energy injection scheduled Day-Ahead.

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4.5.7 Settlement for Trading Hub Energy Owner when POI is a Trading Hub

Each Trading Hub Energy Owner who bids a Bilateral Transaction into the Real-Time Market with a Trading Hub as its POI and has its schedule accepted by the ISO will pay the product of: (a) the hourly integrated Real-Time LBMP for the Load Zone associated with that Trading Hub; and (b) the Bilateral Transaction scheduled MW.

4.5.8 Settlement for Trading Hub Energy Owner when POW is a Trading Hub

Each Trading Hub Energy Owner who bids a Bilateral Transaction into the Real-Time Market with a Trading Hub as its POW and has its schedule accepted by the ISO will be paid the product of: (a) the hourly integrated Real-Time LBMP for the Load Zone associated with that Trading Hub; and (b) the Bilateral Transaction scheduled MW.

4.2.1 Pre-Scheduled Transaction Requests

Pre-Scheduled Transaction Requests shall be submitted, pursuant to ISO Procedures, no earlier than eighteen (18) months prior to the Dispatch Day, and shall include hourly Transaction quantities (in MW) at each affected External Interface for each specified Dispatch Day.

Customers may submit Pre-Scheduled Transaction Requests for scheduling in the Day-Ahead Market. The ISO shall determine, pursuant to ISO Procedures, the amount of Total Transfer Capability at each External Interface to be made available for scheduling. The ISO shall evaluate Pre-Scheduled Transaction Requests in the order in which they are submitted for evaluation until the Pre-Scheduled Transmission Request expires, pursuant to ISO Procedures, prior to the close of the Day-Ahead Market for the specified Dispatch Day. Modification of a Pre-Scheduled Transaction Request shall constitute a withdrawal of the original request and a submission of a new Pre-Scheduled Transaction Request. At the request of a Customer, the ISO shall continue to evaluate a Pre-Scheduled Transaction Request that was not accepted for scheduling in the priority order in which the Request was originally submitted until it is either accepted for scheduling, is withdrawn or expires, pursuant to ISO Procedures, prior to the close of the Day-Ahead Market for the specified Dispatch Day. The ISO shall accept Pre-Scheduled Transaction Requests for scheduling, pursuant to ISO Procedures, provided that there is Ramp Capacity, and Transfer Capability at each affected External Interface, available in the NYCA for each hour requested. If Ramp Capacity or Transfer Capability, on the designated External Interface, is unavailable in the NYCA for any hour of the Pre-Scheduled Transaction Request, the request shall not be scheduled. The ISO shall

confirm the Transaction with affected Control Areas, as necessary, pursuant to ISO Procedures and may condition acceptance for scheduling on such confirmation.

The ISO shall provide the requesting Customer with notice, as soon as is practically possible, as to whether the Pre-Scheduled Transaction Request is accepted for scheduling and, if it is not scheduled, the ISO shall provide the reason.

The ISO shall reserve Ramp Capacity, and Transfer Capability on affected Interfaces, for each Pre-Scheduled Transaction. The ISO shall evaluate requests to withdraw Pre-Scheduled Transactions pursuant to ISO Procedures. The ISO shall submit Pre-Scheduled Transactions to the appropriate LBMP Market for the designated Dispatch Day.

Prescheduled Transactions that are submitted for scheduling in the Day-Ahead Market shall be assigned a Decremental Bid or Sink Price Cap Bid, as appropriate, to provide the highest scheduling priority available.

Prescheduled Transactions may not be scheduled at Proxy Generator Buses that are associated with Scheduled Lines.