

### 2.23a Compensable Overgeneration

A quantity of Energy injected by a Supplier in a given SCD interval that exceeds the SCD Base Point Signal communicated by the ISO to the Supplier and for which the supplier may be paid pursuant to ISO procedures, provided that the excess Energy injection is consistent with the Supplier's Hour-Ahead schedule, BME bid curve, stated ramp rate and the Real-Time LBMP at the Supplier's bus for that SCD interval.

### **2.31 Contingency**

An actual or potential unexpected failure or outage of a system component, such as a Generator, transmission line, circuit breaker, switch or other electrical element. A Contingency also may include multiple components, which are related by situations leading to simultaneous component outages.

### **2.32 Control Area**

An electric system or combination of electric power systems to which a common Automatic Generation Control scheme is applied in order to: (1) match, at all times, the power output of the Generators within the electric power system(s) and Capacity and Energy purchased from entities outside the electric power system(s), with the Load within the electric power system(s); (2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice; (3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and (4) provide sufficient generating Capacity to maintain operating reserves in accordance with Good Utility Practice.

### 2.32a Control Area System Resource

A set of Resources owned or controlled by an entity within a Control Area that also is the

operator of such Control Area. Entities supplying Installed Capacity using Control Area System Resources will not designate particular Resources as the suppliers of Installed Capacity.

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### 2.32b Control Performance

The degree to which a Control Area is providing Regulation Service in conformance with NERC requirements.

### 2.33 Curtailment or Curtail

A reduction in Firm or Non-Firm Transmission Service in response to a transmission Capacity shortage as a result of system reliability conditions.

to meet Load which was not security constrained. Out-of-Merit Generation occurs to maintain system reliability or to provide Ancillary Services.

### **2.136 Performance Index**

An index, described in ISO Procedures, that tracks a Generator's response to AGC signals from the ISO.

### **2.137 Performance Tracking System**

A system designed to provide quantitative comparisons of actual values versus expected and forecasted values for Generators and Loads. This system will be used by the ISO to measure compliance with criteria associated with but not limited to, -the provision of Regulation and Frequency Response Service.

### **2.138 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 II of the Tariff.

### **2.139 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. The Point(s) of Injection shall be specified in the Service Agreement.

**2.140 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. The Point(s) of Withdrawal shall be specified in the Service Agreement.

**2.141 Pool Control Error (“PCE”)**

The difference between the actual and scheduled interchange with other Control Areas, adjusted for frequency bias.

**2.142 Post Contingency**

Conditions existing on a system immediately following a Contingency.

**2.143 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, 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.

**2.144 Power Factor**

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

**2.145 Power Factor Criteria**

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

#### **4.16 Day-Ahead LBMP Market Transactions**

The ISO shall calculate the Day-Ahead LBMPs for each Load Zone and at each Generator 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 LSE that bids into the ISO Day-Ahead Market 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. The ISO shall publish the Day-Ahead Settlement Load Zone LBMPs for each hour in the scheduling horizon (nominally twenty-four (24) hours). The ISO shall then close the Day-Ahead Settlement.

#### **4.17 Real-Time LBMPs**

The ISO shall calculate Real-Time LBMPs at each Generator bus based on data generated by the SCD program and for each Load Zone in accordance with the procedures set forth in Attachment B.

#### **4.18 Real-Time Market Settlement**

Transmission Customers taking service under the Tariff, shall be subject to the Real-Time Market Settlement. All withdrawals and injections not scheduled on a Day-Ahead

basis, including Real-Time deviations from any Bilateral Transaction schedules, shall be subject to the Real-Time Market Settlement. Transmission Customers not taking service under this Tariff shall be subject to balancing charges as provided for under the ISO OATT. Settlements with External Suppliers or External Loads will be based upon hourly scheduled withdrawals or injections. (Real-Time Market Settlements for injections by resources supplying Regulation service follow the rules which are described in Rate Schedule 3.)

For the purposes of this section, the scheduled output of each of the following Generators in each SCD interval shall retroactively be set equal to its actual output in that SCD interval:

- (i) Generators providing Energy under ~~existing-existing~~ 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 ~~existing-existing~~ 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 365 MW of such units; and
- (iii) Existing intermittent (i.e., non-schedulable) renewable resource Generators in operation on or before November 18, 1999 within the NYCA, plus up to an additional 500 MW of such Generators;

This procedure shall not apply to a Generator at times when it has been scheduled to provide Regulation or Operating Reserves.

**A. Settlement When Actual Energy Withdrawals Exceed Scheduled Energy Withdrawals**

When the Actual Energy Withdrawals by a Customer over an SCD interval exceed the Energy withdrawals scheduled over that SCD interval, the ISO shall charge the Real-Time LBMP for Energy equal to the product of: (a) the Real-Time LBMP calculated in that SCD 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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**B. Settlement When Actual Energy Injections are Less Than Scheduled Energy Injections**

When the actual Energy injections from a Generator over an SCD interval is are less than the Energy injections scheduled Day-Ahead over that SCD interval, and are outside of the tolerance band specified in the ISO Procedures, the Supplier shall pay for the Energy imbalance in a charge equal to the product of: (a) the Real-Time LBMP calculated in that SCD interval for the applicable Generator bus; and (b) the difference between the scheduled Energy injections and the lesser of: (i) the actual Energy injections at that bus; or (ii) the SCD Base Point Signals sent to the Supplier in that SCD interval.

In addition, Suppliers that are found to have engaged in persistent undergeneration shall be subject to an additional undergeneration charge, as is described in Section 4.01b of Rate Schedule 3.

**C. Settlement When Actual Energy Withdrawals are Less Than Scheduled Energy Withdrawals**

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 SCD interval for each applicable Load Zone; and (b) the difference between the scheduled Energy withdrawals and the Actual Energy Withdrawals at that Load Zone.



**D. Settlement When Actual Energy Injections Exceed Scheduled Energy Injections**

When actual Energy injections from a Generator over an SCD interval exceeds the Energy injections scheduled Day Ahead over the SCD interval the Supplier shall be paid the product of: (1) the

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Real-Time LBMP calculated in that SCD interval for the applicable Generator bus and the difference between the Day Ahead scheduled Energy injections and the actual Energy injections up to the SCD Base Point Signals sent to that Supplier by the ISO, plus any Compensable Overgeneration; unless payment that the Supplier would receive for such injections would be negative (i.e., unless the LBMP calculated in that SCD interval at the applicable Generator's bus is negative). Suppliers shall not be compensated for Energy in excess of the SCD Base Point Signals communicated by the ISO, except: (i) for Compensable Overgeneration; (ii) when the ISO initiates a reserve pick-up, as provided for in the ISO Procedures; or (iii) a Transmission Owner initiates a reserve pick-up in accordance with a Reliability Rule, including a Local Reliability Rule. When there is no reserve pick-up or when there is a reserve pick-up but a Supplier is not located in the area affected by the reserve pick-up, that Supplier shall not be compensated for Energy in excess of the SCD Base Point Signal plus any Compensable Overgeneration. The Supplier shall be paid based on the product of: (1) the Real-Time LBMP in that SCD interval for the applicable Generator bus; and (2) the difference between (a) the lesser of (i) the actual Energy injection or (ii) the SCD Base Point Signals sent to the Supplier in that interval plus any compensable overgeneration, and (b) the Day-Ahead scheduled Energy injection. When there is a reserve pick-up and a Supplier is located in the area affected by the pick-up, and the Supplier was either scheduled to operate as a result of the BME or subsequently was directed to operate by the ISO, that Supplier shall be paid based on the

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product of: (1) the Real-Time LBMP calculated in that SCD Interval for the applicable Generator bus; and (2) the actual Energy injection minus the Energy injection scheduled Day-Ahead. Generators will not be compensated for Energy produced during their start-up sequence.

#### **4.19 Payments to Suppliers for Regulation Service (“Regulation Service”)**

Suppliers of Regulation Service shall receive an Availability payment that is calculated, ~~pursuant to Rate Schedule 3 and ISO Procedures~~ ISO procedures, as the product of: (a) the Regulation Market Clearing Price for regulating Capacity; ~~(b) the time in hours or fraction thereof the Supplier is providing Regulation Service;~~ and (c) the regulating Capacity in MW. ~~The methodologies for determining the Regulation Market Clearing Price are set forth in Rate Schedule 3.~~

#### **4.20 Payments to Suppliers of Reactive Supply and Voltage Support Service (“Voltage Support Service”)**

Suppliers of Voltage Support Service shall receive a Voltage Support Service payment in accordance with the criteria and formula in Rate Schedule 2.

#### **4.21 Payments to Generators for Operating Reserves**

Suppliers of each type of Operating Reserve will receive Availability payments for each MW of reserve that they provide as requested by the ISO, pursuant to Rate Schedule 4. Availability payments shall be determined separately for each of the three categories of Operating Reserves: spinning reserve, 10-minute non-synchronized reserve and 30-minute

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### **Rate Schedule 3**

#### **Payments for Regulation Service**

This Rate Schedule applies to Suppliers who provide Regulation Service to the ISO.

Transmission Customers will purchase Regulation Service from the ISO under the ISO OATT.

#### **1.0 Obligations of the ISO and Suppliers**

##### **1.1 The ISO shall:**

- (a) Establish regulation and frequency response criteria and requirements in the ISO Procedures to ensure that Generators follow changes in Load consistent with the Reliability Rules;
- (b) Provide SCD Base Point Signals and AGC Base Point Signals to Generators providing this Service to direct the Generator's output;
- (c) Establish criteria in the ISO Procedures that Generators must meet to qualify or re-qualify to supply this Service;
- (d) Establish minimum metering requirements and telecommunication capability required for a Generator to be able to respond to AGC Base Point Signals and SCD Base Point Signals sent by the ISO;
- (e) Select Suppliers to provide this Service in the Day-Ahead Market and during the Dispatch Day ("Real-Time Market"), as described in Section 2.0 of this Rate

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Schedule;

- (f) Pay Suppliers for providing this Service as described in Section 4.0 of this Rate Schedule; and
- (g) Monitor the Suppliers' performance to ensure that they provide Regulation Service as required, as described in Section 3.0 of this Rate Schedule.

**1.2 Suppliers shall:**

- (a) Use Generators that are able to respond to AGC Base Point Signals sent by the ISO pursuant to the ISO Procedures;
- (b) Not use, contract to provide, or otherwise commit the capability that is designated to provide Regulation Service to provide Energy or spinning reserve to any party other than the ISO; and
- (c) Pay all charges due under Sections 2(f), and, if applicable, ~~and~~ 4.1 of this Rate Schedule.

**1.3 Generators shall:**

- (a) Comply with SCD Base Point Signals issued by the ISO at all times pursuant to the ISO Procedures; and
- (b) Comply with the ISO Procedures that apply to providing Regulation Service

**2.0 Selection of Suppliers in the Day-Ahead and Real-Time Market (Dispatch Day)**

- (a) The ISO shall select Suppliers, in the Day-Ahead Market, to provide Regulation

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Service for each hour in the following Dispatch Day, from those that have Bid to provide Regulation Service from Generators that meet the qualification standards and criteria established in the ISO Procedures.

- (b) Real-Time Market: The ISO shall establish a Real-Time Market to provide an alternate supply for Regulation Service during the Dispatch Day where (i) Suppliers scheduled in the Day-Ahead Market are inadequate (e.g., insufficient Suppliers Bid into the Day-Ahead Market for Regulation Service), (ii) a scheduled Supplier is unable to provide Regulation Service (e.g., the Generator tripped), or (iii) the demand for Regulation Service increases beyond the scheduled supply. The ISO shall select Suppliers in the Real-Time Market, during the Dispatch Day, to provide Regulation Service for each hour in which an insufficient supply of Regulation Service exists. The ISO shall select Suppliers for Regulation Service from those that have Bid to provide Regulation Service from Generators that meet the qualification standards and criteria established in the ISO Procedures.
- (c) The ISO shall establish separate Availability market clearing prices for Regulation Service in the Day-Ahead and Real-Time Market.
- (d) Bidding Process: (i) Any qualified Supplier may submit a Bid in the Day- Ahead Market to provide this Service, provided however that Bids submitted by Suppliers in the process of re-qualifying to provide Regulation Service may be limited pursuant to ISO Procedures ; (ii) Bids rejected by the ISO may be modified and



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resubmitted by the Supplier to the ISO in accordance with the terms of the ISO Tariff; and (iii) Bids in the Day-Ahead Market that are not accepted by the ISO shall be automatically considered for the Real-Time Market, unless withdrawn by the Supplier.

- (e) Each Bid shall contain the following information: (i) the Generator capability (in MW) that the Supplier will provide for Regulation Service; (ii) the Generator's regulation response rate (in MW/Minute) which must be sufficient to permit that Generator to provide the offered amount of Regulation Service within an SCD interval of normal length (initially, SCD intervals will normally be five (5) minutes long); (iii) the Supplier's Bid Price (in \$/MW); and (iv) the physical location and name or designation of the Generator.
- (f) The ISO shall, if a Generator providing Regulation Service trips off line, immediately attempt to re-establish a supply for the remainder of that Generator's commitment. Any additional cost incurred by the ISO as a result of covering the defaulting Generator's remaining commitment shall be reimbursed to the ISO by the defaulting Supplier. If the Availability payment for the replacement Regulation Service decreases, the ISO shall not pay the defaulting Supplier the difference in cost.

- (g) If a Generator reduces its Capacity bid subsequent to being scheduled to provide Regulation or Operating Reserves (either Day-Ahead or in a Supplemental Commitment), and if it, as a result, can no longer provide both the amount of Energy it was scheduled to provide Day-Ahead and the amount of Regulation and Operating Reserves it was scheduled to provide, the ISO will first reduce the amount of Operating Reserves it is scheduled to provide, and then will reduce the amount of Regulation it is scheduled to provide, until the total amount of Energy, Regulation and Operating Reserves it is scheduled to provide is equal to its Capacity (or until it is no longer scheduled to provide Regulation or Operating Reserves).

### **3.0 Monitoring Suppliers and Generators**

- (a) The ISO shall establish (i) Generator performance measurement criteria, ~~and~~ (ii) procedures to disqualify Suppliers using Generators that consistently fail to meet such criteria, and (iii) procedures to re-qualify Suppliers which may include demonstration of acceptable performance .
- (b) The ISO shall establish and implement a Performance Tracking System to monitor the performance of Generators that provide Regulation Service. The ISO shall develop performance indices as part of the ISO Procedures which may vary with Control Performance. The Performance Tracking System shall compute the difference between the Energy

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actually supplied and the Energy scheduled by the ISO for all Generators serving Load within the NYCA as set forth in the ISO Procedures. The ISO shall use these values to compute Settlements.

- (c) Payments by the ISO to each Supplier of Regulation Service will be based ~~in part~~ on the Generator's performance with respect to the performance indices.

Generators failing to perform, pursuant to performance measurement criteria, may forfeit ~~a~~ Availability payments for the subject hour. Generators failing to perform consistently may be disqualified from providing Regulation Service, pursuant to ISO Procedures.

#### **4.0 Payments to Suppliers of Regulation Services**

- (a) The ISO shall pay Suppliers of this Service (i) an Availability payment (for reserving capability to provide Regulation Service), and (ii) an Energy payment, as described below.
- (b) The Availability payment, for each hour or fraction thereof in which Regulation Service is provided and required performance indices have been achieved, is equal to the following:

$$\text{Availability Payment} = MCP_{reg} \times R_{cap}$$

Where:

$MCP_{reg}$  is the applicable regulation market clearing price for regulation capability (in MW), in either the Day-Ahead or Real-Time Market, as appropriate, as established by the ISO; and  $R_{cap}$  is the regulation capability (in MW) offered by the Supplier and selected by the ISO for either the Day-Ahead or Real-Time Market.

If Suppliers are scheduled in the Real-Time Market to begin providing Regulation

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Service at some point within an hour, the market clearing price determined in the Real-Time Market may change during the hour. All Suppliers scheduled in the Real-Time Market to provide Regulation Service during the portion of any such hour preceding the price change will be paid the market clearing price determined in the Real-Time Market for the portion of the hour preceding the price change. All Suppliers scheduled in the Real-Time Market to provide Regulation Service during the portion of any such hour following the price change will be paid the market clearing price determined in the Real-Time Market for the portion of the hour following the price change.

The Energy payment is equal to the following:

- (i) Each Supplier shall receive Day-Ahead Market payments for Energy consistent with that Supplier's Day-Ahead schedule.
- (ii) At times when the AGC Base Point Signals exceeds the SCD Base Point Signals sent to a Supplier's resource, that Supplier shall be paid the Real-Time LBMP at that resource's bus for all Energy produced by that resource, up to the amount of Energy scheduled by the AGC Base Point Signals, minus the amount of Energy scheduled Day-Ahead to be produced by that resource.
- (iii) At times when the SCD Base Point Signals exceeds the AGC Base Point

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Signals sent to a Supplier's Generator, each Supplier shall be paid the Real-Time LBMP at the Generator's bus for X MW minus the amount of Energy scheduled Day-Ahead to be produced by that Generator, where X is defined as:

$$X = \begin{aligned} &ACT, \text{ if } ACT < AGC - (SCD - AGC); \\ &AGC - (SCD - AGC) + 2(ACT - (AGC - (SCD - AGC))), \\ &\text{if } ACT \geq AGC - (SCD - AGC) \text{ and } ACT \leq AGC; \\ &SCD, \text{ if } ACT > AGC; \end{aligned}$$

where *ACT* is the amount of Energy actually produced by the Generator; *AGC* is the AGC Base Point Signal sent to the Generator; and *SCD* is the SCD Base Point Signal sent to the Generator.

- (iv) Notwithstanding the preceding clauses, whenever the ISO announces a reserve pick-up, each Supplier located in the area affected by that reserve pick-up shall be paid the Real-Time LBMP for all Energy it produces, minus the amount of Energy scheduled to be produced Day-Ahead by that Generator, if that Supplier was either scheduled to operate in BME or subsequently has been directed to operate by the ISO.

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### **Regulation Market Clearing Price**

The ISO shall determine a regulation market clearing price to be paid to Suppliers for resource Availability (in MW) reserved to provide Regulation Service in the Day- Ahead or Real-Time Markets. The ISO shall stack Bids submitted by qualified Suppliers from lowest Bid (\$/MW) to highest Bid. The ISO shall select Bids to provide Regulation

Service starting with the lowest Bids. The Bid associated with the last Supplier selected to supply Regulation Service shall set the  $MCP_{reg}$ . All Suppliers selected in the same market (i.e., Day-Ahead or Real-Time) will receive an Availability payment calculated with the corresponding  $MCP_{reg}$ .

### **4.0b Payment of a Charge for Persistent Undergeneration by Generators Not Supplying**

#### **Regulation Service**

Generators Not Supplying Regulation Service shall pay to the ISO a charge for Persistent Undergeneration –as follows:

Charge for Persistent Undergeneration paid by Generators not Providing

Regulation Service = Energy Difference x MCP x Length of SCD Interval/60  
minutes

where: Energy Difference (in MW) is the absolute difference between the actual Energy supplied by the Generator and the Energy required by the SCD Base Point Signals, when negative, averaged over each SCD interval; MCP is the Market Clearing Price (\$/MW) which applies to the SCD interval for which Regulation Service in the Real-Time Market, or the Day-Ahead Market if no Real-Time Market applies. In cases in which the Energy Difference that would be calculated using the procedure described above is less than a tolerance level to be

defined by the ISO, the ISO shall set the Energy Difference for that SCD interval equal to zero.

The following types of Generators shall not be subject to a Charge for Persistent Under-Generation:

- (i) Generators providing Energy under contracts (including PURPA contracts), executed and effective on or before November 18, 1999, in which the power purchaser does not control the operation of the supply source but would be responsible for payment of the Performance Charge;
- (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 365 MW of such units; and
- (iii) Existing intermittent (i.e., non-schedulable) renewable resource Generators within the NYCA in operation on or before November 18, 1999, plus up to an additional 500 MW of such Generators;

No Charge for Persistent Under-Generation shall be imposed in the event that the ISO institutes a Performance Charge pursuant to Section 4.1 below.

**4.1 ISO's Authority to Re-Institute Performance Charges**~~Payments of a Performance Charge by Suppliers of Regulation Service and Generators Not Providing Regulation Service~~

If the ISO determines that its Control Performance over a period of time is

compromising reliability, pursuant to criteria established in ISO Procedures~~ISO procedures~~, and that the re-imposition of Performance Charges would help to improve its Control Performance, the ISO may require Suppliers of Regulation Service and ~~Generators~~ Suppliers not providing Regulation Service to pay a Performance Charge. The ISO shall provide notice of its determination to institute a Performance Charge to FERC, to each Customer of the NYISO, and to the NYISO Operating and Business Issues Committees no less than seven days before re-instituting ~~such charge~~ Performance Charges. If the ISO determines that a Performance Charges ~~are~~ is required, Suppliers of Regulation Service

— ~~Suppliers~~ shall pay to the ISO a Performance Charge ~~a charge~~ as follows:

$$\text{Performance Charge paid by Suppliers of Regulation Service} = \text{Energy Deviation} \times \text{MCP} \times (\text{Length of SCD Interval}/60 \text{ minutes})$$

where: Energy Deviation (in MW) is the absolute difference between the actual Energy supplied by the Supplier and the Energy required by the AGC Base Point Signals, whether positive or negative, averaged over each SCD interval; MCP is the market clearing price (\$/MW) which applies to the SCD interval for this Service in the Real-Time Market or the Day-Ahead Market if no Real-Time Market applies.

The method used by the ISO to calculate the Energy Deviation will permit Suppliers a

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certain period of time to respond to AGC Base Point Signals. Initially this time period will be thirty (30) seconds, although the ISO will have the authority to change its length. If the Supplier's output at any point in time is between the largest and the smallest of the AGC Base Points sent to that Supplier within the preceding thirty (30) seconds (or such other time period length as the ISO may define), the Supplier's Energy Deviation at that point in time will be zero. Otherwise, the Supplier may have a positive Energy Deviation. However, in cases in which responding to the AGC Base Point within that time period would require a Supplier to change output at a rate exceeding the amount of Regulation it has been scheduled to provide, the Supplier will have a zero Energy Deviation if it changes output at the rate equal to the amount of Regulation it is scheduled to provide.

#### ~~4.2~~ — ~~Payments by Generators not providing Regulation Service~~

If the ISO determines that a Performance Charge is required, ~~Generators~~ Suppliers that sell Energy through the LBMP Markets or supply Bilateral Transactions that serve Load in the NYCA, but do not provide Regulation Service, shall pay ~~to the ISO a charge for Regulation Service equivalent to the following~~ a Performance Charge as follows::

$$\text{— Performance Charge paid by ~~Generators~~ Suppliers not Providing Regulation Service -Charge} = \text{Energy Difference} \times \text{MCP} \times \frac{\text{Length of SCD Interval}}{60 \text{ minutes}}$$

where: Energy Difference (in MW) is the absolute difference between the actual Energy supplied by the ~~Generator~~ Supplier and the Energy required by the SCD Base Point Signals, whether positive or negative, averaged over each SCD interval; MCP is the Market Clearing Price (\$/MW) which

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applies to the SCD interval for which Regulation Service in the Real-Time Market, or the Day-Ahead Market if no Real-Time Market applies. In cases in which the Energy Difference that would be calculated using the procedure described above is less than a tolerance level to be defined by the ISO, the ISO shall set the Energy Difference for that SCD interval equal to zero.

The following types of Suppliers shall not be subject to a Performance Charge:

- (i) Generators providing Energy under contracts (including PURPA contracts), executed and effective on or before November 18, 1999, in which the power purchaser does not control the operation of the supply source but would be responsible for payment of the Performance Charge;
- (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 365 MW of such units; and
- (iii) Existing intermittent (i.e., non-schedulable) renewable resource Generators within the NYCA in operation on or before November 18, 1999, plus up to an additional 500 MW of such Generators.

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