

IVB. EXTERNAL TRANSACTIONS

25D Scheduling and Curtailment Rules for External Transactions

For purposes of scheduling and curtailment of External Transactions over interconnections between the NEPOOL Control Area and neighboring Control Areas, the following rules shall apply:

- (a) External Transaction sales and purchases that (i) are supported by those service agreements referenced in Attachment G-3 of this Tariff, (ii) have not opted for Auction Revenue Rights consideration under applicable NEPOOL System Rules, and (iii) have been submitted into the Real-Time Energy Market prior to noon the day before the Operating Day as a Self-scheduled External Transaction (“real-time without price”) at an External Node referenced in Attachment G-3 shall be assigned the highest transmission priority when compared to other External Transaction purchases or sales at that node having the same offer price or bid price. In the event that the transfer limit for a given external interface does not allow all Excepted Transactions submitted over that interface to flow, they shall be scheduled or curtailed on a pro-rata basis. For External Transactions referenced in Attachment G-3 that also require an advance

physical reservation associated with a MTF or Non-PTF external interface, the MTF or Non-PTF transmission priority shall take precedence over the above language for the purposes of scheduling and curtailment under Sections 25F(c) and 25F(d), respectively;

- (b) For external interfaces where advance physical reservations are not required (i.e., external interfaces solely made up of PTF, such as the AC facilities that make up the New York/ New England interface), scheduling and curtailment of External Transactions shall be based on economic merit order in accordance with NEPOOL System Rules. In the case of a tie within economic merit, transmission priority and then Real-Time Energy Market timestamp shall be used as tiebreakers. With the exception of Section 25F(a), all transactions crossing external interfaces not requiring advance physical reservations shall have equal transmission priority;
- (c) For external interfaces where advance physical reservations are required (i.e., external interfaces made up of MTF or Non-PTF), scheduling of External Transactions which satisfy the reservation requirements for service shall be based on economic merit order in accordance with

NEPOOL System Rules. In the case of a tie within economic merit, transmission priority shall be used as a tiebreaker. Relative to a given interface, transmission priority is based on the priority rights of the associated MTF or Non-PTF transmission reservation. In the case of a tie within a category of transmission service: (i) transactions within a given sub-category of non-firm transmission priority shall be scheduled on the basis of their Real-Time Energy Market timestamp order, and (ii) transactions with firm transmission priority shall be scheduled on a pro-rata basis;

- (d) For external interfaces where advance physical reservations are required (i.e., external interfaces made up of MTF or Non-PTF), curtailments resulting from a reduction in total transfer capability shall be based on transmission priority of the associated MTF or Non-PTF transmission reservation to the extent possible. In the case of a tie within a category of transmission service, (a) transactions within a given sub-category of non-firm transmission service shall be curtailed on the basis of Real-Time

Energy Market timestamp order, and (b) transactions with firm transmission service shall be curtailed on a pro-rata basis;

- (e) In instances of an External Transaction scheduled against multiple reservations on a MTF or Non-PTF external interface, the lowest transmission priority of the associated reservations shall apply;
- (f) The transmission priority for wheel-through transactions will be based on the transmission service utilized at the restricted external interface as indicated by the transmission reservation;
- (g) Transmission Customers wishing to schedule External Transactions shall comply with applicable NEPOOL System Rules;
- (h) Scheduling and curtailment of External Transactions shall be conducted in accordance with the specifications of the NEPOOL System Rules and all applicable tariffs;

- (i) External Transactions scheduled in the Real-Time Energy Market shall continue to be implemented during periods of Congestion, except as may be necessary to respond to emergencies;

- (j) The System Operator will redispatch all Resources subject to its control, pursuant to Market Rule 1, in order to meet load and to accommodate External Transactions. Participants and Transmission Customers will be charged for the Congestion Cost and any other costs associated with such redispatch in accordance with Market Rule 1. Pursuant to such redispatch, in the event the System Operator exercises its right to effect a Curtailment, in whole or part, of Through or Out Service or Internal Point-To-Point Transmission Service or MTF Service, no credit or other adjustment shall be provided as a result of the Curtailment with respect to the charge payable by the customer;

- (k) The System Operator will furnish to the Delivering Party's system operator hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and will deliver the capacity and energy provided by such schedules;

- (l) Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the System Operator, and the System Operator will have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered;

- (m) The System Operator shall apply the above-listed rules consistent with maintaining the reliability of the NEPOOL Transmission System; and

- (n) The System Operator shall develop and post procedures on its Internet website reflecting the above-listed External Transaction rules.