Attachment I

Clean Version of the Revised Services Tariff Sheets

ARTICLE 2

DEFINITIONS

2.0 Definitions

The following definitions are applicable to the ISO Services Tariff:

2.1 Actual Energy Injections

Energy injections which are measured using a revenue-quality real-time meter.

2.1.1 Actual Energy Withdrawals

Energy withdrawals which are either: (1) measured with a revenue-quality real-time meter; (2) assessed (in the case of Load Serving Entities ("LSEs") serving retail customers where withdrawals are not measured by revenue-quality real-time meters) on the basis provided for in a Transmission Owner's retail access program; or (3) calculated (in the case of wholesale customers where withdrawals are not measured by revenue-quality real-time meters), until such time as revenue - quality real-time metering is available on a basis agreed upon by the unmetered wholesale customers.

2.1.2 Advance Reservation

(1) A reservation of transmission service over the Cross-Sound Scheduled Line that is obtained in accordance with the applicable terms of Schedule 18 and the Schedule 18 Implementation Rule of the ISO New England Inc. Transmission, Markets and Services Tariff, or in accordance with any successors thereto; or

(2) A right to schedule transmission service over the Neptune Scheduled Line that is

obtained in accordance with the rules and procedures established pursuant to Section 38 of the PJM Interconnection, L.L.C. Open Access Transmission Tariff and set forth in a separate service schedule under the PJM Interconnection, L.L.C. Open Access Transmission Tariff; or

(3) A right to schedule transmission service over the Linden VFT Scheduled Line that is obtained in accordance with the rules and procedures established pursuant to Section 38 of the PJM Interconnection, L.L.C. Open Access Transmission Tariff and set forth in a separate service schedule under the PJM Interconnection, L.L.C. Open Access Transmission Tariff.

2.2 Adverse Conditions

Those conditions of the natural or man-made environment that threaten the adequate reliability of the NYS Power System, including, but not limited to, thunderstorms, hurricanes, tornadoes, solar magnetic flares and terrorist activities.

2.88b Limited Customer

An entity that is not a Customer but which qualifies to participate in the ISO's Emergency Demand Response Program by complying with Limited Customer requirements set forth in the ISO Procedures.

2.88c Limited Energy Storage Resource ("LESR")

A Generator authorized to offer Regulation Service only and characterized by limited Energy storage, that is, the inability to sustain continuous operation at maximum Energy withdrawal or maximum Energy injection for a minimum period of one hour. LESRs must bid as ISO-Committed Flexible Resources.

2.88d Limited Energy Storage Resource ("LESR") Energy Management

Real-time Energy injections or withdrawals scheduled by the ISO to manage the Energy storage capacity of a Limited Energy Storage Resource, pursuant to ISO Procedures, for the purpose of maximizing the Capacity bid as available for Regulation Service from such Resource.

2.88e Linden VFT Scheduled Line

A transmission facility that interconnects the NYCA to the PJM Interconnection, L.L.C. Control Area in Linden, New Jersey.

2.89 LIPA Tax Exempt Bonds

Obligations issued by the Long Island Power Authority, the interest on which is not included in gross income under the Internal Revenue Code.

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.

2.153b 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

2.160c Rest of State

The set of all non-Locality NYCA LBMP Load Zones. As of the 2002-2003 Capability Year, Rest of State includes all NYCA LBMP Load Zones other than LBMP Load Zones J and K.

2.161 Safe Operations

Actions which avoid placing personnel and equipment in peril with regard to the safety of life and equipment damage.

2.161a Scheduled Line

A transmission facility or set of transmission facilities: (a) that provide a distinct scheduling path interconnecting the ISO with an adjacent control area, (b) over which Customers are permitted to schedule External Transactions, (c) for which the ISO separately posts TTC and ATC, and (d) for which there is the capability to maintain the Scheduled Line actual interchange at the DNI, or within the tolerances dictated by Good Utility Practice. Each Scheduled Line is associated with a distinct Proxy Generator Bus. Transmission facilities shall only become Scheduled Lines after the Commission accepts for filing revisions to the NYISO's tariffs that identify a specific set or group of transmission facilities as a Scheduled Line.

The following transmission facilities are Scheduled Lines: the Cross-Sound Scheduled Line, the Neptune Scheduled Line, the Dennison Scheduled Line, the Northport Norwalk Scheduled Line, and the Linden VFT Scheduled Line.

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.

4.2.2 Day-Ahead Load Forecasts, Bids and Bilateral Schedules

A. 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 Eligible 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 Day-Ahead and seven (7) day Load forecasts; and (ii)

4.4.2 Real-Time Commitment ("RTC")

A. 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 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 and loss forecasts that RTC itself will produce each quarter hour, binding transmission constraints, and all Real-Time Bids and Bid parameters submitted pursuant to Section 4.4.2.B below.

B. Bids and Other Requests

After the Day-Ahead schedule is published and no later than seventy-five (75) minutes before each hour (or no later than eighty-five minutes before each 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), Customers may submit Real-Time Bids into RTC for real-time evaluation.

W_i = load weighting factor for bus i.

The zonal LBMPs will be a weighted average of the Load bus LBMPs in the zone. The weightings will be predetermined by the ISO.

F. Real Time LBMP Calculation Methods for Proxy Generator Buses, Non-Competitive Proxy Generator Buses and Proxy Generator Buses Associated with Designated Scheduled Lines

1. General Rules

External Generators and Loads can bid into the LBMP Market or participate in Bilateral Transactions. External Generators may arrange Bilateral Transactions with Internal or External Loads and External Loads may arrange Bilateral Transactions with Internal Generators.

The Generator and Load locations for which LBMPs will be calculated will initially be limited to a pre-defined set of buses External to the NYCA. LBMPs will be calculated for each bus within this limited set. The three components of LBMP will be calculated from the results of RTD, or, except as set forth in Sections I.F.2 and I.F.3 below, in the case of a Proxy Generator Bus, from the results of RTC_{15} during periods in which (1) proposed economic transactions over the Interface between the NYCA and the Control Area with which that Proxy Generator Bus is associated would exceed the Available Transfer Capability for the Proxy Generator Bus or for that Interface, (2) 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 (3) proposed interchange schedule changes pertaining to the Interface between the NYCA and the Control Area with which that Proxy Generator Bus is associated would exceed any Ramp

which the Non-Competitive Proxy Generator Bus is located or would exceed the Available Transfer Capability of the Non-Competitive Proxy Generator Bus, or (ii) proposed interchange schedule changes pertaining to increases in Real-Time Market net Exports from the NYCA to the Control Area in which the Non-Competitive Proxy Generator Bus is located would exceed the Ramp Capacity limit imposed by the ISO for the Interface between the NYCA and the Control Area in which that Non-Competitive Proxy Generator Bus is located or would exceed the Ramp Capacity limit imposed by the ISO for the Non-Competitive Proxy Generator Bus, the Real-Time LBMP at the Non-Competitive Proxy Generator Bus will be the lower of (i) the RTC-determined price at the Non-Competitive Proxy Generator Bus or (ii) the higher of the LBMP determined by RTD for the Non-Competitive Proxy Generator Bus or the Day-Ahead LBMP determined by SCUC for the Non-Competitive Proxy Generator Bus. At all other times, the Real-Time LBMP shall be calculated as specified in Section I.F.1 above.

3. Special Pricing Rules for Scheduled Lines

Real-Time LBMPs for the Proxy Generator Buses associated with designated Scheduled Lines shall be determined as follows:

When proposed Real-Time Market economic net Import Transactions into the NYCA associated with a designated Scheduled Line would exceed the Available Transfer Capability of the designated Scheduled Line, the Real-Time LBMP at the Proxy Generator Bus associated with the designated Scheduled Line will be the higher of (i) the RTC-determined price at that Proxy Generator Bus or (ii) the lower of the LBMP determined by RTD for that Proxy Generator Bus or zero.

When proposed Real-Time Market economic net Export Transactions from the NYCA associated with a designated Scheduled Line would exceed the Available Transfer Capability of the designated Scheduled Line, the Real-Time LBMP at the Proxy Generator Bus associated with the designated Scheduled Line will be the lower of (i) the RTC-determined price at the Proxy Generator Bus or (ii) the higher of the LBMP determined by RTD for the Proxy Generator Bus or the Day-Ahead LBMP determined by SCUC for the Proxy Generator Bus. At all other times, the Real-Time LBMP shall be calculated as specified in Section I.F.1 above.

The Cross-Sound Scheduled Line, the Neptune Scheduled Line, and the Linden VFT Scheduled Line are designated Scheduled Lines.

4. Method of Calculating Marginal Loss and Congestion Components of Real-Time LBMP at Non-Competitive Proxy Generator Buses and Proxy Generator Buses that are Subject to the Special Pricing Rule for Scheduled Lines

Under the conditions specified below, the Marginal Losses Component and the Congestion Component of the Real-Time LBMP, calculated pursuant to the preceding paragraphs in subsections 2 and 3, shall be constructed as follows:

When the Real-Time LBMP is set to zero and that zero price was not the result of using the RTD, RTC or SCUC-determined LBMP;

Marginal Losses Component of the Real-Time LBMP = $\text{Losses}_{\text{RTC PROXY GENERATOR BUS}}$;

and

Congestion Component of the Real-Time LBMP = - ($\text{Energy}_{\text{RTC REF BUS}}$ + $\text{Losses}_{\text{RTC PROXY GENERATOR BUS}}$).

3.6 Scheduling Transmission Service for External Transactions

The amount of Firm Transmission Service scheduled Day-Ahead for Bilateral Transactions which designate External Generators to supply Imports or Internal Generators to supply Exports will be equal to the amount of Energy scheduled to be consumed under those Transactions Day-Ahead. The amount of Firm Transmission Service scheduled in the RTC_{15} for Bilateral Transactions which designate External Generators to supply Imports or Internal Generators to supply Exports will be equal to the amount of Energy scheduled to be consumed under those Transactions in RTC_{15}. The DNI between the NYCA and adjoining Control Areas will be adjusted as necessary to reflect the effects of any Curtailments of Import or Export Transactions. Additionally, any Curtailment or Reductions of schedules for Export Transactions will cause the scheduled amount of Transmission Service to change.

To the extent possible, Curtailments of External Transactions at the Proxy Generator Bus associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, and the Linden VFT Scheduled Line shall be based on the transmission priority of the associated Advance Reservation for use of the Cross-Sound Scheduled Line, the Neptune Scheduled Line, or the Linden VFT Scheduled Line (as appropriate).

External Transactions at the Proxy Generator Buses that are associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, and the Linden VFT Scheduled Line shall also be governed by Attachment N to the ISO Services Tariff.

IV. SALE AND AWARD OF TRANSMISSION CONGESTION CONTRACTS ("TCCs")

1.0 Overview of the Sales of TCCs

TCCs will be made available through both (i) the Centralized TCC Auction ("Auction") and Reconfiguration Auction, which will be conducted by the ISO; (ii) Direct Sales by the Transmission Owners, which will be non-discriminatory, auditable sales conducted solely on the OASIS in compliance with the applicable requirements and restrictions set forth in Order No. 889 et seq.; (iii) the conversion of transmission capacity associated with certain Existing Transmission Agreements ("ETAs") pursuant to Section 2A of Part IV of this Attachment B; and (iv) the award of Incremental TCCs pursuant to Section 2C of Part IV of this Attachment B.

ATTACHMENT N

EXTERNAL TRANSACTIONS AT THE PROXY GENERATOR BUSES ASSOCIATED WITH THE CROSS-SOUND SCHEDULED LINE, NEPTUNE SCHEDULED LINE, AND LINDEN VFT SCHEDULED LINE

1.0 Supremacy of Attachment N

External Transactions at the Proxy Generator Buses associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, and the Linden VFT Scheduled Line shall be Bid and scheduled pursuant to the provisions of the ISO Services Tariff and the ISO OATT, and in accordance with this Attachment N. In the event of a conflict between the provisions of this Attachment N and any other provision of the ISO OATT, the ISO Services Tariff, or any of their attachments and schedules, with regard to External Transactions at the Proxy Generator Buses associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, or the Linden VFT Scheduled Line, the provisions of this Attachment N shall prevail.

2.0 Transmission Reservations on the Cross-Sound Scheduled Line, the Neptune Scheduled Line, and the Linden VFT Scheduled Line

Customers scheduling External Transactions at the Proxy Generator Buses associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, or the Linden VFT Scheduled Line must first hold an Advance Reservation on the appropriate Scheduled Line sufficient to support the proposed External Transaction. Advance Reservations must be obtained in accordance with (a) the Cross-Sound Scheduled Line release procedures that are set forth in Schedule 18 and the Schedule 18 Implementation Rule of the ISO New England Inc. Transmission, Markets and Services Tariff, or any successors thereto, or (b) the Neptune release procedures that are established pursuant to

Section 38 of the PJM Interconnection, L.L.C. ("PJM") Open Access Transmission Tariff and set forth in a separate service schedule under the PJM Open Access Transmission Tariff or (c) the Linden VFT Scheduled Line release procedures that are established pursuant to Section 38 of the PJM Open Access Transmission Tariff and set forth in a separate service schedule under the PJM Open Access Transmission Tariff.

Customers that have obtained Advance Reservations and wish 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 must (a) schedule an External Transaction with the ISO by submitting appropriate bids for economic evaluation, and (b) correspondingly schedule a transaction over the Cross-Sound Scheduled Line, the Neptune Scheduled Line, or the Linden VFT Scheduled Line (as appropriate) in accordance with all applicable tariffs and market rules of the Control Area in which the Scheduled Line is located.

If a Customer scheduling External Transactions at the Proxy Generator Buses that are associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, or the Linden VFT Scheduled Line inaccurately claims to hold an Advance Reservation or Advance Reservations that are adequate to support its Bid(s), or falsely implies that it has an Advance Reservation or Advance Reservations that are adequate to support its Bid(s) by scheduling such an External Transaction, the ISO may inform the Commission and take other appropriate action.

3.0 Additional Scheduling Rules for the Cross-Sound Scheduled Line, the Neptune Scheduled Line, and the Linden VFT Scheduled Line

3.1 Bid Submission and E-Tags for Day-Ahead Transactions

Customers seeking to Schedule Day-Ahead transactions at the Proxy Generator Bus

associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, or the Linden VFT Scheduled Line (a) shall comply with all applicable ISO Procedures, and (b) shall submit bids that reference valid NERC E-Tags for their transaction(s) no later than 10 minutes prior to the close of the DAM.

3.2 Bids and E-Tags for Real Time Transactions

Customers seeking to schedule Real-Time Market transactions at the Proxy Generator Bus associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, or the Linden VFT Scheduled Line (a) shall comply with all applicable ISO Procedures, and (b) shall submit Bids that reference valid NERC E-Tags for their transaction(s) at least 85 minutes before the start of each dispatch hour.

3.3 E-Tags Shall Each Reference One Advance Reservation ID

NERC E-Tags for External Transactions at the Proxy Generator Bus associated with the Cross-Sound Scheduled Line, the Neptune Scheduled Line, or the Linden VFT Scheduled Line shall each reference no more than one (a) Cross-Sound Scheduled Line Advance Reservation ID or "assignment reference number" from the Cross-Sound Cable, LLC node of the ISO-NE OASIS, or (b) assignment reference number or other designation associated with the grant of scheduling rights over the Neptune Scheduled Line or the Linden VFT Scheduled Line (as appropriate).