

ARTICLE 5

CONTROL AREA SERVICES: RIGHTS AND OBLIGATIONS

5.1 Control Area Services

The ISO will provide Control Area Services in accordance with the standards and criteria of NERC and NPCC and the NYSRC Reliability Rules and Good Utility Practice. The Control Area Services provided by the ISO include, but are not limited to, the following:

- (a) Developing and implementing procedures to maintain the reliability of NYS Power System;
- (b) Coordinating operations with other Control Area operators;
- (c) Arranging for reserve sharing agreements with other ISOs and other Control Areas to enhance reliability during abnormal operating conditions;
- (d) Coordinating the outage schedules for generating units within the NYCA to maintain system reliability;
- (e) Committing adequate generation resources to ensure the reliability of the NYS Power System;
- (f) Taking command and control of the NYCA resources during Emergency conditions and coordinating operations with Transmission Owners;
- (g) Maintaining and Operating a central control center and performing the functions of the NERC security control center for the NYCA under Emergency operating conditions;
- (h) Defining the Installed Capacity requirements for LSEs, inclusive of individual customers taking services directly from the ISO, within the NYCA;

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- (i) Determining Locational Installed Capacity requirements for LSEs to ensure the reliable operation of the NYCA;
- (j) Administering of an Installed Capacity Market;
- (k) Training the operating personnel of the ISO and Transmission Owner control rooms; and
- (l) Administering the mandatory NERC reliability compliance process.

5.1.1 Interregional Congestion Management Pilot Program

The following procedures shall govern the redispatch of generation to alleviate transmission congestion on selected pathways on the transmission systems operated by the ISO and PJM Interconnection, L.L.C. (“PJM”) pursuant to an Interregional Congestion Management Pilot Program. The procedures shall be used solely when, in the exercise of Good Utility Practice, the ISO or PJM determines that the redispatch of generation units on the other's transmission system would reduce or eliminate the need to resort to Transmission Loading Relief or other transmission-related emergency procedures.

5.1.1.1 Identification of Transmission Constraints

- (a) On a periodic basis determined by the ISO and PJM, the ISO and PJM shall identify potential transmission operating constraints that could result in the need to use Transmission Loading Relief or other emergency procedures in order to alleviate the transmission constraints, the need for which could be eliminated by the redispatch of generation on the other's system.
- (b) In addition to the identification of such potential transmission operating constraints, the ISO and PJM shall identify generation units on the other's system, the redispatch of which would eliminate the identified transmission constraints.

(c) From the identified transmission constraints, the ISO and PJM shall agree in writing on the transmission operating constraints and redispatch options that shall be subject to this Section 5.1.1. In reaching such agreement, the ISO shall endeavor reasonably to limit the number of transmission constraints that are subject to this Section 5.1.1 so as to minimize potential cost shifting among Market Participants in the ISO and PJM Control Areas resulting from the redispatch of generation under this Section 5.1.1. The ISO shall post the transmission operating constraints that are subject to this Section 5.1.1 on its website.

5.1.1.2 Redispatch Procedures

If (i) a transmission constraint subject to this Section 5.1.1 occurs and continues or reasonably can be expected to continue after the exhaustion of all economic alternatives that are reasonably available to the transmission system on which the constraint occurs and (ii) the ISO or PJM, as applicable, has determined that it must use either Transmission Loading Relief or other emergency procedures, then (iii) the affected entity may request the other to redispatch one or more of the previously identified generation units to eliminate the transmission constraint. Upon such request, the ISO or PJM, as applicable, shall redispatch such generation if it is then subject to its dispatch control and such redispatch is consistent with Good Utility Practice.

5.1.1.2a Locational Based Marginal Price

In the event that a generator is redispatched by the ISO in response to a request from PJM under Section 5.1.1 of this Section, the generator's bid for the Energy made available by the redispatch shall not be included in the determination of the Locational Based Marginal Price at that generator's bus.

5.1.1.3 Generator Compensation

Generators that have increased or decreased generation output above or below the level that would otherwise represent the economic dispatch level as a result of a request made pursuant to this section 5.1.1 (the "MWh Adjustment") shall be compensated based on the following:

- (a) For a positive MWh Adjustment: Payment to Generator = MWh Adjustment * (unit offer price - marginal price at the generator bus). In addition the Generator shall be paid any applicable minimum generation, start-up and Energy Bid price costs not covered by the LBMP revenue for the 24 hour day or not covered by the marginal price, as appropriate.
- (b) For a negative MWh Adjustment: Payment to Generator = MWh Adjustment * (marginal price at the generator bus - unit offer price). In addition the Generator shall be paid any applicable minimum generation, start-up and Energy Bid price costs not covered by the LBMP revenue for the 24 hour day, or not covered by the marginal price, as appropriate and shall .
- (c) MWh adjustment payments to Generators pursuant to this subsection shall not be considered LBMP revenue for purposes of calculating minimum generation, start up and Energy bid price guarantees.

5.1.1.5 Settlements

(a) If PJM redispatches generation, the ISO shall include in its monthly accounting and billing a payment to PJM for the costs of such redispatch as determined in accordance with Section 5.1.1.4

(b) If the ISO redispatches generation under this Section 5.1.1, then it shall include in its monthly accounting and billing a credit to each redispatched Generator calculated in accordance with section 5.1.1.4. The ISO shall invoice PJM and PJM shall collect from its Market Participants and pay to the ISO an amount equal to all such credits to Generators.

(c) A separate emergency Energy transaction shall accompany any generation adjustment under this Section 5.1.1, and there shall be an adjustment in the Control Area interchange between the NYISO and PJM as a result of redispatch under this Section 5.1.1. Compensation for the separate emergency Energy transaction shall be at the rates for emergency purchases and sales which have been approved by the Commission, as they may be amended from time-to-time.

5.2 Independent System Operator Authority

The ISO will act as the Control Area operator, as defined by NERC, for the NYCA. The ISO will provide all Control Area Services in the NYCA. Control Area Services provided by the ISO will be in accordance with the terms of the ISO Services Tariff, the Reliability Rules, the ISO Related Agreements and Good Utility Practice. The ISO will interact with other Control Area operators as required to effect External Transactions pursuant to this Tariff and to ensure the effective and reliable coordination with the interconnected Control Areas. In acting as the Control Area operator, the ISO will be responsible for maintaining the safety and the short-term reliability of the NYCA and for the implementation of reliability standards promulgated by NERC and NPCC and for the Reliability Rules promulgated by the NYSRC. To be included within NYCA, a Market Participant must meet the requirements of Section 5.6. Each Market Participant that (1) withdraws Energy to supply Load within the NYCA; or (2) provides installed Capacity to an LSE serving Load within the NYCA, benefits from the Control Area Services provided by the ISO and from the reliability achieved as a result of ISO Control Area Services

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- The cost resulting from inadvertent interchange (if unscheduled Energy flows out of the NYCA to other Control Areas), or the decrease in cost resulting from inadvertent interchange (if unscheduled Energy flows into the NYCA from other Control Areas) and associated payments in kind;
- Costs or revenues from Emergency Transactions with other Control Area operators;
- Metering errors resulting in payments to or from Transmission Customers to be either higher or lower than they would have been in the absence of metering errors;
- Deviations between actual system Load and the five-minute ahead Load forecast used by SCD, resulting in either more or less Energy than is needed to meet Load;
- Energy provided by generation facilities in excess of the amounts requested by the ISO (through SCD Base Point Signals or AGC Base Point Signals);
- If generation facilities providing Regulation Service have actual output in excess of their AGC Base Point Signals, but the SCD Base Point Signals is higher than either, the real-time payments they receive for Energy produced will be based on the SCD Base Point Signals; and
- Transmission Customers serving Load in the NYCA will be billed based upon an estimated distribution of Loads to buses within each Load Zone. If the actual distribution of Load differs from this assumed distribution, the total amount collected from Transmission Customers could be either higher or lower than the amount that would have been collected if the actual distribution of Loads had been known.
- Settlements for losses revenue variances, as described in Attachment K of this Tariff, with Transmission Owners that pay marginal losses to the ISO for losses associated with modified TWAs (not converted to TCCs) while receiving losses payments from the participants in those TWAs other than marginal losses.
- Payments made to Generators that are redispatched pursuant to the Interregional Transmission Congestion Management Pilot Program, set forth in Section 5.1.1.4 of the Services Tariff, to the extent such payments are not recovered by the ISO as an Emergency Transaction with another Control Area.

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