

2.22 Code of Conduct

The rules, procedures and restrictions concerning the conduct of the ISO directors and employees, contained in Attachment F to the ISO Open Access Transmission Tariff.

2.23 Commission (“FERC”)

The Federal Energy Regulatory Commission, or any successor agency.

2.23a Compensable Overgeneration

A quantity of Energy injected by a Supplier, over a given ~~SCD~~RTD interval, 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 ISO Procedures, provided that the excess Energy injection does not exceed the Supplier’s Real-Time Scheduled Energy Injection over that interval, plus a tolerance. The tolerance shall initially be set at 3% of a given Supplier’s Normal Upper Operating Limit and may be modified by the ISO if necessary to maintain good Control Performance.

For generators operating in start up or shut down periods, Compensable Overgeneration shall mean that quantity of Energy injected by a Supplier, over a given RTD interval, 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 ISO Procedures,

2.24 Completed Application

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

files with the Commission.

2.170 Service Commencement Date

The date that the ISO begins to provide service pursuant to the terms of a Service Agreement, or in accordance with the Tariff.

2.171 Settlement

The process of determining the charges to be paid to, or by, a Customer to satisfy its obligations.

2.171a Shadow Price

The marginal value of relieving a particular constraint.

2.172 Shift Factor (“SF”)

A ratio, calculated by the ISO, that compares the change in power flow through a transmission facility resulting from the incremental injection and withdrawal of power on the NYS Transmission System.

2.172a Shut Down Period

An ISO approved period of time immediately following a shut down order, such as a zero base point, that has been designated by the Customer, during which unstable operation prevents the unit from accurately following its base points.

2.172~~a~~^b Sink Price Cap Bid

A Bid Price provided by an entity engaged in an Export to indicate the Proxy Generator Bus LBMP below which that entity is willing to either purchase Energy in the LBMP Markets or, in the case of Bilateral Transactions, to accept Transmission Service.

2.172~~b~~^c Special Case Resource

special rules, set forth in Section 5.12.11(a) of this ISO Services Tariff and related ISO Procedures, in order to facilitate their participation in the Installed Capacity market as Installed Capacity Suppliers.

2.172d Start Up Period

An ISO approved period of time immediately following synchronization to the Bulk power system, which has been designated by a Customer and bid into the Real-Time Market, during which unstable operation prevents the unit from accurately following its base points.

2.172ee Station Power

Station Power shall mean the Energy used by a Generator:

1. for operating electric equipment located on the Generator site, or portions thereof, owned by the same entity that owns the Generator, which electrical equipment is used by the Generator exclusively for the production of Energy and any useful thermal energy associated with the production of Energy; and
2. for the incidental heating, lighting, air conditioning and office equipment needs of buildings, or portions thereof, that are:
 - a. owned by the same entity that owns the Generator;
 - b. located on the Generator site; and
 - c. used by the Generator exclusively in connection with the production of Energy and any useful thermal energy associated with the production of Energy.

Station Power does not include any Energy: (i) used to power synchronous condensers; (ii) used for pumping at a pumped storage facility; or (iii) provided during a Black Start restoration by Generators that provide Black Start Capability Service.

2.172df Start-Up Bid

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 is a maximum generation pickup and a Supplier is

Issued by: William J. Museler, President
Issued on: ~~November~~January 26, 20035

Effective: February 1, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER04-230-000, et. al., issued February 11, 2004, 106 FERC ¶ 61,111 (2004).

and will suspend the real-time Regulation Service market. The ISO will not procure any Regulation Service and will establish a real-time Regulation Service market clearing price of zero for settlement and balancing purposes. The ISO will resume sending AGC Base Point Signals and restore the real-time Regulation Service market as soon as possible after the end of the reserve or maximum generation pickup.

Rate Schedule "3-A"

Charges Applicable to Suppliers That Are Not Providing Regulation Service

1.0 Persistent Undergeneration Charges

A Supplier, other than a Supplier included in subsection 3.03 of this section, that is not providing Regulation Service and that persistently operates at a level below its schedule shall pay a persistent undergeneration charge to the ISO, unless its operation is within a tolerance described below. Persistent undergeneration charges per interval shall be calculated as follows:

Persistent undergeneration charge = Energy Difference x MCP_{reg} x Length of Interval/60
Minutes

Where:

Energy Difference in (MW) is determined by subtracting the actual Energy provided by the Supplier from its RTD Base Point Signal for the dispatch interval. The Energy Difference shall be set at zero for any Energy Difference that is otherwise negative or that falls within a tolerance, set pursuant to ISO Procedures, and which shall contain a steady-state and a dynamic

Issued by: William J. Museler, President
Issued on: January 28, 2005

Effective: February 1, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER04-230-000, et. al., issued February 11, 2004, 106 FERC ¶ 61,111 (2004).

(iv) Capacity Limited Resources and Energy Limited Resources to the extent that their real-time Energy injections are equal to or greater than their bid-in upper operating limits but are less than their Real-Time Scheduled Energy Injections.

(v) Generating facilities operating in their Start-up Period or their Shut Down Period

For Generators and Resources described in subsections (i), (ii), (iii) and (~~iii~~v) above, this exemption shall not apply in an hour if the Generator or Resource has bid in that hour as ISO-Committed Flexible or Self-Committed Flexible.

Issued by: ~~William J. Museler~~ Mark S. Lynch, President

Effective: February 1, 2005

Issued on: ~~January~~ April 21, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER04-
2301138-000, *et. al.*-issued ~~February~~ October 14, 2004, 106 FERC ¶ 61,611 (2004).