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4.9 External Resources

External Generators, System Resources, Control Area System Resources and entities purchasing Installed Capacity from them may participate in the NYCA Installed Capacity market.

4.9.1 Requirements to Qualify as an External Installed Capacity Supplier

Prior to requesting External Installed Capacity Import Rights (“Import Rights”) and supplying Unforced Capacity to the NYCA, External Generators, System Resources, Control Area System Resources and entities purchasing Installed Capacity from them must qualify as External Installed Capacity Suppliers. To qualify as External Installed Capacity Suppliers such entities must provide the following information to the ISO in a timely manner:

1. Name and location of the Resource (if multiple units are involved, identify each unit);
2. Assurance that the External Control Area in which the Resource is located either:
 - (a) Will not recall or curtail, for the purposes of satisfying its own Control Area Loads, exports from that External Control Area to the NYCA of an amount of Energy equal to the Installed Capacity Equivalent of the amount of Unforced Capacity that Resource is supplying to the NYCA; or
 - (b) Will afford NYCA Load the same pro-rata curtailment priority that it affords its own Control Area Load;
3. Documentation of a DMNC test, or its equivalent, in accordance with the procedures found in Section 4.2 or 4.10.3 of this Manual;
4. Submission of Operating Data for the prior twelve months in accordance with Sections 4.4 and 4.4.9, and Attachment K of this Manual;
5. Documentation which satisfies the Maintenance Scheduling Requirements in Section 4.3 of this Manual; and
6. Expected return dates from full or partial outages.

With the exception of item four (4), this information must be provided to the ISO at least two (2) business days prior to the business day the Import Rights are requested, two (2) business days prior to an ISO-administered Installed Capacity auction in which the External Installed Capacity Supplier wishes to offer Unforced Capacity, and at such additional times as required by the ISO and this Installed Capacity Manual (e.g., annual DMNC test results). The information required by item four (4) must be submitted in accordance with the timing requirements found in 4.4.9 of

this Manual (by the tenth (10th) day of the month preceding the month in which the prospective External Installed Capacity Supplier wishes to supply Unforced Capacity to the NYCA).

The ISO may verify this data with the appropriate External Control Area.

4.9.2 Allocation of Installed Capacity Rights for External Unforced Capacity Supply

The ISO establishes the maximum amount of Unforced Capacity that can be provided to the NYCA by Resources located in each neighboring Control Area according to the procedures contained in Section 2.7 of this Manual. Once this amount has been determined for each neighboring Control Area, the allocation among ISO customers of rights to External Unforced Capacity supply is done according to the following procedures.

Grandfathered External Installed Capacity Rights

Details concerning Grandfathered Rights are provided in Attachment E to this Manual.

Other Allocations

After accounting for Grandfathered External Installed Capacity rights, the ISO will allocate the remaining rights for External Unforced Capacity supply on a first-come, first-serve basis. External Installed Capacity rights may ultimately only be used by LSEs located within the NYCA, but any ISO Customer may submit a request for External Installed Capacity rights.

Initial requests for Import Rights for one or more months within a Capability Period may be sent to the ISO during the following time period:

- Beginning at 8:00 AM EST ~~seven (7) business days prior to the Capability Period strip auction~~
 - For Summer Capability Period: on the first business day following the publication of the total number of import rights made available by the NYISO (on or about February 15)
 - For Winter Capability Period: on the first business day thirty (30) days prior to a Capability Period (strip) Auction, and
- Ending at 5:00 PM EST three- (3) business days prior to this same auction.

On or about February 15th the ISO shall post the final quantity of Import Rights available for request for the following Capability Year. The quantity of rights that will be available at that time prior to the Summer and the Winter Capability Period (strip) Auctions shall be 100 % of the Import Rights available, as posted by the ISO.

If Import Rights are not fully subscribed after the Capability Period (strip) Auction has concluded, the ISO will open another period of first-come, first-serve allocations prior to each

Monthly Auction for the month or months in which Import Rights remain and the ISO will post the available Import Rights after each subsequent auction.

For each month within a Capability Period, requests for Import Rights may be sent to the ISO during the following time period:

- Beginning at 8:00 AM ET on the business day following the day the ISO posts the results of each Capability Period (Strip) or Monthly Auction.
- Ending at 5:00 PM ET three (3) business days prior to the next Monthly Auction.

Contents of Request

Each request must contain the following information:

1. Documentation of a bilateral agreement, with pricing redacted, between ~~the requesting entity~~ a qualified External Installed Capacity Supplier or a marketer with a contract with a qualified External Installed Capacity Supplier and either
 - (a) ~~an Load LSE~~ within the NYCA or
 - (b) ~~a previously qualified marketer that is not an affiliate of the~~ External Installed Capacity Supplier;
2. The identity of the ISO Customer making the request;
3. The identity of the External Installed Capacity Supplier;
4. The name and location of the Resource;
5. The Control Area in which the Resource for which the Installed Capacity Supplier seeks rights is located;
6. The MW amount requested to support the Unforced Capacity sale to the NYCA from the Resource designated in (4) above;
7. The time period, in blocks of whole months, for which the rights are requested;
8. E-mail address of the requesting party to which a response will be made.

The information listed above must be provided as a “Request for External Installed Capacity Rights” to the ISO’s Manager of Resource Reliability via facsimile to the following number: 518-356-6208.

Response from the ISO

The ISO shall respond to requests for External Installed Capacity Import Rights in a timely fashion. For requests made during business hours before noon ET, the ISO will respond by noon

the next business day. For requests made during business hours from noon ET to 5:00 PM ET, the ISO will respond by 5:00 PM ET the next business day.

If the ISO determines, ~~by 5:00 PM EST on the day following receipt of an initial request (provided that this day falls during the time period for initial requests specified above)~~ that the information provided in the request is incomplete or inadequate, the ISO will immediately notify the requesting party. The requesting party may resubmit its information to the ISO no later than 24 hours after the expiration of the time period for initial requests.

Only complete requests submitted within the time periods specified above will be evaluated by the ISO. The date and time stamp provided by the FAX machine will determine the priority for the evaluation of requests. If a request is resubmitted ~~during the specified time period,~~ for any reason, the latest time stamp will determine ~~the its~~ priority.

The ISO will notify the requesting party if its request has been accepted or rejected, with reasons for rejection, ~~by 5:00 PM EST on the day if such be the case, within the time period specified above,~~ following receipt of a complete request. If accepted, the ISO will provide a confirmation number. A rejection may be based on either or both of the following:

- Incomplete or inadequate information
- Fully subscribed External Installed Capacity rights

~~By 5:00 PM EST on the day following receipt of an accepted request, the requesting entity must provide the ISO with all documentation and information necessary to qualify an External Resource as an Installed Capacity Supplier, in accordance with the procedures contained in this Manual. By 5:00 PM EST two (2) business days prior to the Capability Period strip auction, an LSE that has procured an External Installed Capacity right must provide the ISO with the information and documents described in numbers 1, 4 and 5 above. The information described in this paragraph should be forwarded as a "Certification of External Installed Capacity Rights" to the ISO Manager, Resource Reliability by facsimile to 518-356-6208. The ISO will verify this data with the External Control Area to ensure that there is no double counting.~~

Tally of Import Rights

The NYISO will maintain a tally of the available Import Rights for each month within a Capability Year and will post these figures on the NYISO website.

Match between Import Rights and NY Load

By 5:00 PM EST two (2) business days prior to the Pre-Capability Period Monthly each Monthly Deficiency Auctions, all External-Installed-Capacity Import Rights requested for the month covered by the auction should be matched between a Load in the NYCA and an External Installed Capacity Supplier. If, by that time, a holder of Import Rights has neither sold that Installed Capacity using those Import Rights in an ISO-administered auction nor has entered into a bilateral agreement to supply Installed Capacity to a New York LSE using those Import Rights,

~~the associated ICAP will be Unforced Capacity supplied by External Installed Capacity Suppliers that have claimed External Installed Capacity rights, but have not entered into bilateral arrangements with an LSE serving NYCA Load by that time, will be offered offered for sale into those the Deficiency Auction as price taker, i.e. at a price of \$0/MW. The Supplier will be paid the market-clearing price determined in those auctions for the control area in which it is located for the Unforced Capacity in question. s at a price of \$0/MW. (The Supplier will be paid the market-clearing price determined in those Auctions for the control area in which it is located for the Unforced Capacity in question.) Similarly, if the ISO has not received certification from an LSE which demonstrates that the rights it has secured are matched with a qualified External Installed Capacity Supplier, that LSE will relinquish those rights.~~

External Installed Capacity Sales in ISO Administered Auction

All purchasers of Unforced Capacity that is located in an External Control Area in an ISO-administered auction shall receive the External Installed Capacity rights necessary in order to permit that Unforced Capacity to count towards the Unforced Capacity requirements of an LSE; consequently, in order to ensure that there are sufficient external Installed Capacity rights available, the ISO shall limit the number of MW of Unforced Capacity that can be purchased in any External Control Area in those auctions. In each Capability Period auction, the ISO shall limit the number of MW of Unforced Capacity that can be purchased in any External Control Area to the number of MW of Unforced Capacity that can be provided by Installed Capacity Suppliers located in that Control Area, as determined in Section 2.7 of this Manual, less all External Installed Capacity rights that have been requested for that External Control Area under the provisions of this section. In addition, the ISO will permit entities that have been allocated Import Rights to offer Installed Capacity into the auctions it administers.

In the Capability Period Monthly Auctions held before and during the Capability Period, the ISO shall limit the number of MW of Unforced Capacity that can be purchased in any External Control Area to the number of MW of ~~Unforced Capacity~~Import Rights that the ISO makes available for the Capability Period from that can be provided by Installed Capacity Suppliers located in that Control Area, less the number of MW of Unforced Capacity purchased in that External Control Area for that month in preceding Monthly Auctions and Strip Auction, less all External Installed Capacity ~~R~~ights that have been requested to support external Bilateral Transactions for that month. for that Control Area that have been used to support Bilateral Transactions for the sale of Unforced Capacity for that month from Installed Capacity Suppliers in that Control Area to Loads in the NYCA.

The ISO will reduce External Installed Capacity rights eligible to be traded in the Capability Period strip auction based on the allocations made according to the above procedures.

~~If External Installed Capacity rights are not fully subscribed after the Capability Period strip auction has concluded, the ISO will open another period of first come, first serve allocations prior to each Monthly Auction for which External Installed Capacity rights remain. The procedures specified above will govern any monthly first come, first serve allocations. The period for requesting these rights will open at 8:00 a.m. EST on the fifth business day prior to the auction and will close at 5:00 p.m. EST on the third business day prior to the auction.~~

4.9.3 Additional External Installed Capacity Supplier Requirements

Certification

Entities that have received External Installed Capacity Import Rights must provide the following additional information, for each month that they intend to supply Unforced Capacity to the NYCA, to the ISO on the date when Installed Capacity Supplier and LSE Certifications are due.

- Certification that Unforced Capacity being sold to the NYCA has not been sold elsewhere.
- The confirmation number granted to the External Installed Capacity transaction when the NYISO allocated External Installed Capacity Import Rights to that transaction. The confirmation number should be listed in the comments section of the Installed Capacity Certification form.

See Section 4.7 of this Manual for complete information in connection with monthly Installed Capacity Supplier certification requirements. The ISO will verify this data with the appropriate External Control Area.

Deliverability

External Installed Capacity Suppliers are required to demonstrate that the Energy associated with Unforced Capacity supplied to the NYCA is deliverable to the NYCA border. This demonstration occurs in two stages.

- 1) The transmission capability for the Energy associated with the Installed Capacity equivalent of the Unforced Capacity that an External Installed Capacity Supplier wishes to supply to the NYCA is available, as determined in studies setting the Installed Reserve Requirements (see Section 2 of this Manual). Such Energy should be deliverable to the NYCA using the transmission service rules of the External Control Area border if the External Installed Capacity Supplier either:
 - Secures External Installed Capacity Import Rights during the first-come, first-serve allocation periods described above; or
 - Sells External Unforced Capacity in an ISO-administered Installed Capacity auction pursuant to the procedures identified in this Manual; and
- 2) Deliverability of Energy associated with External Unforced Capacity is demonstrated through delivery of such Energy to the NYCA border at the time the Energy has been scheduled in the DAM, included in the HAM, or pursuant to an SRE. If the transmission tie between the NYCA and the Control Area where an External Installed Capacity Supplier is located is full, the External Installed Capacity Supplier is not required to "bump" the entity whose Energy has been committed on the line and the Energy associated with External Unforced Capacity

from that External Installed Capacity Supplier is not required to be delivered to the NYCA border. If the transmission tie between the NYCA and the Control Area where the External Installed Capacity Supplier is located was full but the External Control Area curtails an amount that would reduce the Import below the External Installed Capacity commitment level, the External Installed Capacity Supplier will be required to respond to the NYISO request and use the transmission capability to provide Energy to the NYCA.

4.9.4 Charges Associated with External Unforced Capacity Deficiencies

In accordance with the Services Tariff, if an entity fails to deliver part or all of the Energy associated with External Unforced Capacity it sold in the NYCA (see section 4.9.4) it will be deemed retroactively deficient for such failure. External Installed Capacity Suppliers unable to deliver such Energy to the NYCA border will be assessed the deficiency charge for Unforced Capacity associated with such failure and will be deemed to have been deficient from the last time the External Installed Capacity Supplier "demonstrated" delivery of its Installed Capacity Equivalent ("ICE"), or any part thereof, until it next delivers its ICE or the end of the term for which it certified Unforced Capacity, whichever occurs first, subject to the limitation that any prior lack of demonstrated delivery will not precede the beginning of the period for which the Unforced Capacity was certified.

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