

## **SCHEDULE 1**

### **SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE**

This service is required to schedule the purchase, sale and movement of power through, out of, within, or into the NYCA. This service can be provided only by the ISO. The Transmission Customer must purchase this service from the ISO. The charges for Scheduling, System Control and Dispatch Service and any rebillings associated therewith are set forth below.

#### **1. Parties to Which Charges Apply**

The ISO shall charge, and Transmission Customers shall pay, the Scheduling, System Control and Dispatch Service ("Rate Schedule 1") charge on all Transmission Services provided pursuant to Parts II, III and IV to this Tariff, provided that Transmission Customers who are retail access customers who are being served by an LSE shall not pay this charge to the ISO; the LSE shall pay this charge.

#### **2. Billing Units and Calculation of Rates**

The ISO shall charge each Transmission Customer based on the product of: (i) the Scheduling, System Control and Dispatch Service charge rates; and (ii) the Transmission Customer's applicable billing units for the month.

##### **A. Billing Units**

1. The Transmission eCustomer's billing units will be based on the Actual Energy Withdrawals for all Transmission Service to supply Load in the NYCA, and hourly Energy schedules for all Wheels Through and Exports.

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2. To the extent Schedule 1 charges are associated with satisfying Local Reliability Rules, the billing units for such charges will be based on the Actual Energy Withdrawals in the sub-zone(s) where the Local Reliability Rules are applied. To the extent Schedule 1 charges are associated with payments made for supplemental payments and Demand Reduction Incentive payments to Demand Reduction Providers, the billing units of such charges shall be based on Actual Energy Withdrawals to supply Load in the NYCA according to the methodology described in Attachment R. To the extent that the sum of all Bilateral Schedules and all Day-Ahead Market purchases to service Load in the Day-Ahead schedule is less than the ISO's Day-Ahead forecast of Load and the ISO commits Resources in addition to the reserves it normally maintains to enable it to respond to contingencies to meet the ISO's Day-Ahead forecast of Load, charges associated with the costs of Bid Production Cost Guarantees for the additional Resources committed Day-Ahead to meet the ISO's Day-Ahead forecast of Load shall be allocated to Transmission Customers who are not bidding as Suppliers according to the Methodology described in Attachment T.

## B. Computation of Rates

The Scheduling, System Control and Dispatch Service Charge shall consist of three components and shall be recovered on a monthly basis in accordance with the following processes:

1.a. The costs listed in Sections 3A of this Rate Schedule shall be estimated each month for the following month, shall be multiplied by 85% and then divided by the total estimated billing units as described in Section 2A1 of this Rate Schedule for the following month and shall be posted on the ISO's website prior to the start of the subject month. This rate is then multiplied by each customer's billing units as described in Section 2A1 for the subject month.

1.b. The costs listed in Sections 3A of this Rate Schedule shall be estimated each month for the following month, shall be multiplied by 15% and recovered through Rate Schedule 1 of the ISO Market Administration and Control Area Services Tariff.

2. The costs listed in Section 3B of this Rate Schedule shall be estimated each month for the following month, shall be divided by the total estimated billing units as described in Section 2A1 of this Rate Schedule for the following month and shall be posted on the ISO's website prior to the start of the subject month. This rate is then multiplied by each customer's billing units for the subject month.

~~2.3.~~ The ISO shall calculate, and each Transmission Customer shall pay, an hourly charge equal to the product of (A) the costs listed in Section 4A of this Rate Schedule for each hour and (B) the ratio of (i) the Transmission Customer's total billing units for that hour as described in Section 2A1 of this Rate Schedule to (ii) the sum of all ISO Transmission Customers' billing units for that hour as described in Section 2A1 of this Rate Schedule.

~~3.4.~~ The ISO shall calculate, and each Transmission Customer shall pay, a daily charge equal to the product of (A) the costs listed in Section 4B of this Rate

Schedule for each day and (B) the ratio of (i) the Transmission Customer's total billing units for that day as described in Section 2A1 of this Rate Schedule to (ii) the sum of all ISO Transmission Customers' billing units for that day as described in Section 2A1 of this Rate Schedule, provided, however, that the costs of supplemental payments and Demand Reduction Incentive Payments made to Demand Reduction Providers shall be allocated to Transmission Customers according to the methodology described in Attachment R. To the extent that the sum of all Bilateral Schedules and all Day-Ahead Market purchases to serve Load in the Day-Ahead schedule is less than the ISO's Day-Ahead forecast of Load and the ISO commits Resources in addition to the reserves it normally maintains to enable it to respond to contingencies to meet the ISO's Day-Ahead forecast of Load, charges associated with the costs of Bid Production

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Cost Guarantees for the additional Resources committed Day-Ahead to meet the ISO's Day-Ahead forecast of Load shall be allocated to Transmission Customers who are not bidding as Suppliers according to the Methodology described in Attachment T.

### **3. ISO Costs**

ISO costs to be recovered through the Rate Schedule 1 charge include:

A. Costs associated with the operation of the NYS Transmission System by the ISO and administration of this Tariff by the ISO, including without limitation, the following :

- Processing and implementing requests for transmission service including support of the ISO OASIS node;
- Coordination of transmission system operation and implementation of necessary control actions by the ISO and support for these functions;
- Performing centralized security constrained dispatch to optimally re-dispatch the NYS Power System to mitigate transmission Interface overloads and provide balancing services;

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- Billing associated with Transmission Service provided under this Tariff;
- Preparation of Settlement statements;
- Rebilling which supports this service;
- NYS Transmission System studies, when the costs of the studies are not recoverable from a Transmission Customer;
- Engineering services and operations planning;
- Data and voice communications network service coordination;
- Metering maintenance and calibration scheduling;
- Dispute resolution;
- Record keeping and auditing;
- Training of ISO personnel;
- Development of new information, communication and control systems;
- Professional services;
- Working capital and carrying costs on ISO assets, capital requirements and debts;
- Tax expenses, if any;
- Administrative and general expenses;
- Insurance expenses; ~~and,~~

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- Any indemnification of or by the ISO pursuant to Section 10.2 of this

~~Tariff.~~ Tariff; and

- Regulatory fees

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- Costs that the ISO incurs as a result of bad debt, including finance charges; and
- Refunds, if any, ordered by the Commission to be paid by the ISO, at the conclusion of Central Hudson Gas & Electric Corp., Docket Nos. ER97-1523-011, OA97-470-010 and ER97-4234-008.
- B. Fifty percent of the costs associated with the start-up and formation of the ISO, equaling \$27.45 million, plus interest, less one-half of the start-up costs already collected by the ISO under the ISO OATT.

These costs will be amortized over a five-year period, from January 1, 2000 through December 31, 2004, and Rate Schedule 1 will include an amortized amount of the costs, inclusive of interest costs.