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June 6, 2008

By Hand Delivery

Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: *New York Independent System Operator, Inc.*, Docket No. OA08-13-001, Filing in Compliance With May 7, 2008 Order

Dear Ms. Bose:

The New York Independent System Operator, Inc. ("NYISO") respectfully submits the enclosed tariff revisions in compliance with the directives of the Commission's May 7, 2008 order in the above-captioned docket ("May 7 Order"),[1] which addresses the NYISO's October 11, 2007 and April 11, 2008 filings in compliance with Order No. 890. The May 7 Order directs the NYISO to revise language in its Open Access Transmission Tariff ("OATT") governing the clustering of transmission study requests, to file a revised version of Attachment C of the NYISO OATT (governing Available Transfer Capability ("ATC") calculations), and to file standardized language on Transmission Loading Relief ("TLR") procedures. As outlined in more detail below, the NYISO submitted a filing in compliance with Order No. 890-A on April 15, 2008 that addresses several of the directives issued by the Commission in the May 7 Order.

I. Documents Submitted

1. This filing letter;

2. A clean version of the proposed revisions to the NYISO OATT to comply with the May 7 Order (Attachment I);

[1] *New York Independent System Operator, Inc.*, 123 FERC ¶ 61,134 (2008).

3. A blacklined version of the NYISO OATT reflecting the same revisions (Attachment II).[2]

4. A copy of the process flow diagram illustrating the various steps through which ATC is calculated (Attachment III).[3]

II. Tariff Changes

A. Clustering Language

In its April 11, 2008 tariff filing, the NYISO proposed to supplement its October 11, 2007 compliance filing on Order No. 890 issues by adding to the NYISO OATT language that would permit an Eligible Customer to request -- before it signs a study agreement -- that its System Impact Study or Facilities Study be clustered with those of one or more other Eligible Customers. Under the tariff language, the NYISO and any affected Transmission Owners will accommodate reasonable clustering requests. However, the language proposed by the NYISO also specified that a clustering request would not be deemed reasonable if, *inter alia*, the clustering of the studies is likely to cause the NYISO or any Transmission Owner to miss a deadline adopted in the NYISO OATT.

In the May 7 Order, the Commission held that a transmission provider "should not reject cluster requests solely on the basis that such clustered studies may require extended study timelines."[4] The Commission noted further that if "the NYISO or the affected Transmission Owner believes that a cluster study could prevent it from meeting the OATT requirements, NYISO or the affected Transmission Owner is free to raise this issue as an extenuating circumstance in a notification filing with the Commission, which will be reviewed on a case-by-case basis."[5] The Commission then directed the NYISO to file an amended OATT "removing the language allowing the NYISO or the affected Transmission Owner to decline to cluster

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[2] The blacklined version of the enclosed Attachment C reflects changes from the Attachment C that the NYISO filed with the Commission on October 11, 2008 in this docket. Similarly, the blacklined version of Section 19.10 of the NYISO OATT in this filing reflects changes from the Section 19.10 that the NYISO filed with the Commission on April 11, 2008 in this docket.

[3] The process flow diagram is incorporated into Attachment C of the NYISO OATT, but, because of formatting issues, the diagram in Attachment C uses very small type. To ensure that the Commission has a copy of the process flow diagram with larger type, the NYISO is including the diagram as separate attachment to this filing.

[4] May 7 Order at P 28.

[5] *Id.*

studies if it determines that granting a clustering request will cause it to miss any deadline set forth in the OATT."[6]

In compliance with that directive, the NYISO hereby submits a revised Section 19.10 of its OATT that deletes language permitting the NYISO or an affected Transmission Owner to decline to cluster studies on the ground that the clustering request will cause it to miss an OATT deadline.

B. Attachment C

The May 7 Order directs the NYISO to make four revisions to its Attachment C. First, the May 7 Order requires that the NYISO provide in Attachment C a "process flow diagram that illustrates the various steps through which ATC/AFC is calculated, as required in Order No. 890."[7] Second, the order requires the NYISO to revise Attachment C "to provide a detailed explanation of its TRM calculation methodology and list of assumptions and databases used to calculate TRM."[8] Third, the Commission orders that the NYISO identify the specific methodology that it employs to calculate ATC. Fourth, the Commission requires the NYISO to post on its website the algorithms that it uses to calculate firm and non-firm ATC, and to provide a link to that posting in the revised Attachment C.

1. Process Flow Diagram

In compliance with the Commission's directive in the May 7 Order, the NYISO hereby submits a revised Attachment C that contains a process flow diagram illustrating the various steps through which ATC is calculated. This process flow diagram is modeled on the process flow diagram that the Commission accepted in the Order No. 890 compliance filings of the Midwest Independent Transmission System Operator, Inc. ("MISO") and PJM Interconnection, LLC ("PJM").[9]

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[6] *Id.*

[7] *Id.* at P 44.

[8] *Id.* at P 46.

[9] *See Midwest Independent Transmission System Operator, Inc.*, 123 FERC ¶ 61,154 (2008); *PJM Interconnection, L.L.C.*, 123 FERC ¶ 61,145 (2008).

2. Transmission Reserve Margin

The NYISO also submits as part of its revised Attachment C a detailed explanation of its Transmission Reserve Margin ("TRM") calculation methodology, as well as a list of the assumptions and databases used in the TRM calculations. The revised Attachment C explains that the databases used to calculate TRM include the MultiRegional Modeling Working Group system representations and the NYISO's Day-Ahead Market and Real-Time Market system representations. It also explains that TRM is used to determine ATC on External Interfaces up to 18-months before the Dispatch Day.

TRM for all time periods consists of the sum of estimates of loop or parallel path flows, load forecast uncertainty values, uncertainty in internal and external system conditions, and External Interface availability. These values are determined in the following ways: Unscheduled loop flow included in the TRM calculation is based on the average of the last three months of historical parallel path flows observed for each External Interface. External Interface transmission facility availability is based on the most significant single transmission facility outage for each External Interface. The values for load forecast uncertainty and uncertainty in external system conditions generally are set at zero.

These elements, as well as the level of detail in the description of the NYISO's TRM methodology, are comparable to the TRM elements and level of detail reflected in the Order No. 890 compliance filing of the MISO, which the Commission has accepted.[10] Because the revised TRM methodology description set forth in Attachment C provides sufficient transparency and conforms to the requirements of Order Nos. 890 and 890-A, the NYISO respectfully requests that the FERC accept Attachment C for filing.

3. ATC Methodology

As the NYISO explained in its April 15, 2008 compliance filing on Order No. 890-A, the NYISO uses a "financial reservation" model based on Locational Based Marginal Prices rather than a "physical reservation" model contemplated by Order Nos. 888 and 890, and therefore ATC has a different meaning under the NYISO system, and is calculated differently, than in other systems. ATC calculations are based substantially on "Transmission Flow Utilization," a

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[10] *See* Midwest Independent Transmission System Operator, Inc. FPA Section 206 Compliance Filing of Non-Rate Terms and Conditions as Set Forth in Order No. 890, Docket No. OA08-14-000, filed October 11, 2007; *Midwest Independent Transmission System Operator, Inc.*, 123 FERC ¶ 61,154 (2008). The MISO description explains that TRM is determined by incorporating estimates of parallel path flows, load forecast error, and other variations in generation dispatch and network topology.

value that reflects the actual usage of the NYISO's interfaces as calculated by its resource commitment and scheduling software. The methodology used by the NYISO is a variation on the Rated System Path Method reflected in MOD-029-000.

Because the NYISO already has provided a detailed description of the ATC methodology that it uses in the Attachment C that it filed in its October 11, 2008 compliance filing on Order No. 890, it does not propose any additional changes to Attachment C in this filing. This approach is consistent with the Commission's disposition of other Attachment C filings. For example, the California Independent System Operator Corporation ("CAISO") filed an Attachment C informing the Commission that it uses a variant of the ATC calculation methodologies referred to in Order No. 890, and explaining in detail how its methodology works. The Commission accepted that description in its order on the CAISO's compliance filing.[11]

The NYISO continues to participate in the processes being conducted by NERC for determining ATC calculation methodologies, and has been working to ensure that the methodologies sanctioned by NERC include an approach that reflects the characteristics of financial rights systems such as the one operated by the NYISO. Pursuant to the requirements of Order No. 890, the NYISO will submit another filing once the NERC process has been completed in order to demonstrate its compliance with the appropriate NERC-sanctioned methodology.

4. Algorithms

As the NYISO explained in its April 15, 2008 compliance filing on Order No. 890-A, it does not have algorithms more detailed than those set forth in the Attachment C that it filed in compliance with Order No. 890. The reason for this is the unique nature of ATC calculations in the NYISO's financial rights system, and the fact that the primary input into the NYISO's ATC calculations is the Transmission Flow Utilization produced by its market software. For these reasons, the NYISO has no additional algorithms to post on its website, or to link to in its Attachment C, and therefore does not submit any additional modifications to Attachment C to reflect such algorithms.[12] The NYISO notes, however, that its explanation of how it calculates ATC using the Transmission Flow Utilization procedure is contained in its tariff, which is posted on its website. The NYISO respectfully submits that this posting meets the

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[11] *See California Independent System Operator Corporation*, 123 FERC ¶ 61,180 (2008).

[12] Nothing in Order Nos. 890 and 890-A requires posting of commercially sensitive and proprietary information regarding the internal workings of market software systems.

Commission's requirement that transmission providers disclose their ATC calculation methodologies and provide transparency to transmission customers.

C. TLR Procedures

The May 7 Order requires that the NYISO revise its tariff to include standardized language incorporating the NERC TLR Procedure into its tariff. As the NYISO explained in its April 15, 2008 compliance filing on Order No. 890-A, it did not make any revisions to its OATT to reflect the NERC TLR procedure because it already has language in Section 1.19(c) of its OATT that incorporates the current and any future version of the NERC TLR procedure. Furthermore, Sections 13.6 and 33.2 of the NYISO OATT state specifically that the NYISO will conduct curtailments in accordance with the NERC TLR Procedure. In the April 15, 2008 compliance filing on Order No. 890-A, the NYISO proposed to add to Section 1.19(c) of its OATT a sentence reading "See www.nerc.com for the current version of the NERC TLR Procedure."

The NYISO submits that in light of the existing language of the NYISO OATT and the proposed addition to Section 1.19(c), the addition of the standardized language developed by the Commission would be duplicative and unnecessary. With the one change proposed by the NYISO in its April filing, the NYISO believes that the language of the NYISO OATT on this issue is consistent with or superior to the language of the *pro forma* OATT.

D. Miscellaneous

The NYISO also proposes to revise Section 4 of Attachment C to update the names of the databases that it uses to calculate Total Transfer Capability. Specifically, the NYISO now uses the MultiRegional Modeling Working Group system representations rather than several of the databases that were identified in the Attachment C that the NYISO filed in its October 11, 2007 compliance filing. Accordingly, the NYISO's revised Attachment C revises the database description to reflect that change.

In addition, the NYISO proposes to clarify the references to redispatch in Attachment C. Currently, these references refer to redispatch of the "New York State Transmission System." A more accurate description of the redispatch is to reference the "New York State Power System" rather than the "New York State Transmission System." Accordingly, the NYISO has included that change in this filing.

III. Communications and Correspondence

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IV. Service

The NYISO will electronically send a link to this filing to the official representative of each of its customers, to each participant on its stakeholder committees, to the New York Public Service Commission, and to the electric utility regulatory agencies of New Jersey and Pennsylvania. In addition, the complete filing will be posted on the NYISO's website at www.nyiso.com. The NYISO will also make a paper copy available to any interested party that requests one. To the extent necessary, the NYISO requests waiver of the requirements of Section 35.2(d) of the Commission's Regulations (18 C.F.R. § 35.2(d) (2006)) to permit it to provide service in this manner.

V. Conclusion

Wherefore, for the foregoing reasons, the New York Independent System Operator, Inc. respectfully requests that the Commission accept the NYISO's compliance filing.

Respectfully submitted,

Ted J. Murphy
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ATTACHMENT I

19.10 Clustering of Point-to-Point Studies

The Eligible Customer may request that the ISO or affected Transmission Owner(s), as applicable, cluster the System Impact Studies and/or Facilities Studies. The Eligible Customer shall notify the ISO or affected Transmission Owner(s), as applicable, prior to signing a study agreement if the Eligible Customer requests its System Impact Study or Facilities Study to be clustered with another Eligible Customer's System Impact Study or Facilities Study. In this notification, the Eligible Customer shall identify the other Eligible Customer request(s) with which it would like to be clustered, and shall indicate whether the other Eligible Customer(s) with which it requests clustering support(s) the clustering request. The ISO or affected Transmission Owner(s) may, in their discretion, notify Eligible Customers who have requested studies about potential clustering opportunities. The ISO or affected Transmission Owner(s), as applicable, will accommodate any reasonable clustering request; however, the ISO or affected Transmission Owner(s) will not consider a clustering request to be reasonable if:

(i) The cluster is not supported by all Eligible Customers proposed to be in the cluster; or

(ii) The ISO or affected Transmission Owner(s) determine that the requests should be studied individually rather than in a cluster (*e.g.*, studies are geographically diverse or otherwise impact the transmission system in diverse ways such that clustering is not reasonable).

All Eligible Customers involved in a cluster study will be required to execute the System Impact Study Agreement and/or Facilities Study Agreement which provides that the System Impact Study or Facilities Study will be performed as a cluster study. The study will be performed in accordance with the procedures set forth in section 19.3, 19.4, 32.3 and 32.4 with the exception that the timeline for performing the System Impact Study or Facilities Study will begin to run after all Eligible Customers who have notified the ISO or Transmission Owner of their intent to participate in a cluster study have executed a System Impact Study Agreement or Facilities Study Agreement, or on a later date authorized under those provisions.

Once Eligible Customers agree to have the ISO or a Transmission Owner cluster their System Impact Studies or Facilities Studies, the Eligible Customers may not opt out of the cluster unless the ISO or affected Transmission Owner(s), respectively, agree(s), in its or their sole discretion, to allow it.

Eligible Customers that have agreed to cluster their System Impact Study or Facilities Study shall be responsible for reimbursing the ISO or affected Transmission Owner for performing the clustered System Impact Study or Facilities Study in equal shares, unless the Eligible Customers in the cluster independently agree to an alternate

The ISO shall calculate ATC values using a methodology that reflects its provision of transmission service under an LBMP system and the schedules produced by its Day-Ahead Market and Real-Time Market software (except with respect to Pre-Scheduled Transactions). The ISO shall not limit Transmission Customers' ability to schedule Firm Transmission Service across Internal Interfaces based on ATC values. If the posted ATC value for an Interface is zero, that is an indication that the Interface is congested. The ISO may, however, still be able to provide additional Firm Transmission Service over Internal Interfaces for Transmission Customers that are willing to pay congestion charges by redispatching New York State Power System.

2.0 Methodology for Computing Firm and Non-Firm ATC

The ISO shall calculate and post Firm ATC and Non-Firm ATC from two days to eighteen months in advance of the Dispatch Day based on accepted Pre-scheduled Transaction Requests across External Interfaces.

The ISO also calculates Firm ATC based on the market schedules determined using its Security Constrained Unit Commitment ("SCUC") process for the Day-Ahead Market and its Real-Time Commitment ("RTC") and Real-Time Dispatch ("RTD") (together, "Real-Time Scheduling" ("RTS")) process for the Real-Time Market. These Firm ATC values shall be posted after the close of the Day-Ahead Market and Real-Time Market for all Interfaces and Scheduled Lines.

For all purposes and for all time periods, the ISO calculates and posts Firm ATC by first determining Total Transfer Capability ("TTC") and then subtracting Firm Transmission Flow Utilization and Transmission Reserve Margin ("TRM"). Thus:

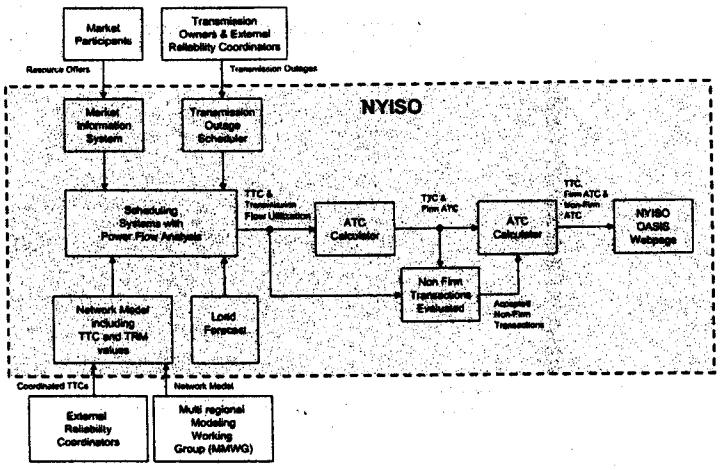
$$ATC_{Firm} = TTC - Transmission\ Flow\ Utilization_{Firm} - (TRM)$$

For all purposes and for all time periods, the ISO calculates and posts Non-Firm ATC by first calculating the amount of Firm ATC and then subtracting Non-Firm Transmission Flow Utilization:

$$ATC_{Non\text{-}Firm} = ATC_{Firm} - Transmission\ Flow\ Utilization_{Non\text{-}Firm}$$

3.0 Process Flow Diagram

The following diagram illustrates the process that the ISO follows when computing and posting ATC.



4.0 Total Transfer Capability ("TTC")

The ISO shall develop TTC values for each Interface and Scheduled Line. External Interfaces may be represented by one or more Proxy Generator Buses for scheduling and dispatching purposes. Each Proxy Generator Bus associated with an External Interface may be associated with distinct, posted TTC values. Each Scheduled Line is associated with a distinct Proxy Bus for which the ISO separately posts a TCC value.

The TTC value for each Interface and Scheduled Line shall be the maximum amount of electric power that can be reliably transferred over the New York State Transmission System. The ISO shall use studies that it performs, joint studies conducted with neighboring Control Areas, and real-time system monitoring to determine the appropriate TTC values. The TTC values are periodically reviewed and may be updated as warranted to ensure that accurate values are posted.

Databases used in the determination of the TTC values include MultiRegional Modeling Working Group system representations, and the ISO's Day-Ahead Market and Real-Time Market system representations.

Databases used in the determination of the TRM values include the MultiRegional Modeling Working Group system representations and the ISO's Day-Ahead Market and Real-Time Market system representations.

The TRM used to calculate ATC at External Interfaces in connection with Pre-Scheduled Transactions up to eighteen months before the Dispatch Day will normally be significantly greater than the TRM used to calculate ATC for External Interfaces for the Day-Ahead Market and the Real-Time Market due to the greater uncertainty regarding long range External Interface transmission facility availability.

TRM equal to the sum of the following components shall be applied to calculations conducted up to eighteen months before the Dispatch Day to address unexpected system conditions including: (1) unscheduled loop or parallel flows ranging in value from zero (0) MW to five hundred (500) MW based on the average of the last three months of historical parallel flows observed for each External Interface, (2) load forecast uncertainty (normally this value is set to zero (0) MW), (3) uncertainty in external system conditions (normally this value is set to zero (0) MW), and (4) External Interface transmission facility availability ranging in value from zero (0) MW to one thousand (1000) MW reflecting the uncertainty of transfer capability resulting from the most significant single transmission facility outage for each External Interface.

The TRM used for purposes of ATC calculations conducted for External Interfaces for the Day-Ahead Market and the Real-Time Market shall be used to address unexpected system conditions equal to the sum of the following components: (1) unscheduled loop or parallel flows ranging in value from zero (0) to five hundred (500) MW based on the average of the last three months of historical parallel flows observed for each External Interface, (2) load forecast uncertainty, normally of value zero (0) MW, and (3) uncertainty in external system conditions, normally of value zero (0) MW.

The TRM used for purposes of the ATC calculations conducted for Internal Interfaces for the Day-Ahead Market and the Real-Time Market shall normally be equal to the sum of the following components or a value of one hundred (100) MW, although the ISO may increase it above that level if necessary. TRM is applied to these ATC calculations to address unexpected system conditions including: (1) unscheduled loop or parallel flows normally of value zero (0) MW, (2) load forecast uncertainty normally of value zero (0) MW, (3) uncertainty in external and internal system conditions normally of value one hundred (100) MW, and (4) ISO Balancing Authority requirements normally of value zero (0) MW.

The TRM used for purposes of the ATC calculations conducted for Scheduled Lines for the Day-Ahead Market and the Real-Time Market shall normally be equal to the sum of the following components, which will ordinarily be expected to have a combined value of zero (0) MW, although the ISO may increase it above that level if necessary: (1) unscheduled loop or parallel flows ranging based on the average of the last three months of historical parallel flows observed for each associated External Proxy Generator Bus, normally of value zero (0) MW, (2) load forecast uncertainty, normally of value zero (o) MW, and (3) uncertainty in external system conditions, normally of value zero (0) MW.

TRM is used to decrement TTC from External and Internal Interfaces and from Scheduled Lines when calculating ATC, and thus is not available when requesting Non-Firm transmission service. The ISO may, however, still be able to provide additional Firm Transmission Service over Internal Interfaces for Transmission Customers that are willing to pay congestion charges by redispatching New York State Power System.

The specific values of TRM used on each Internal and External Interface and Scheduled Line are posted on the ISO's website. The TRM values are periodically reviewed by the ISO and may be updated as warranted.

7.0 Existing Transmission Commitments ("ETC")

The ISO shall not set aside transmission capacity as ETC when calculating ATC or otherwise in developing SCUC and RTS market schedules.

8.0 Capacity Benefit Margin

The ISO shall not set aside transmission capacity as CBM when calculating ATC or otherwise in developing SCUC and RTS market schedules.

ATTACHMENT II

19.10 Clustering of Point-to-Point Studies

The Eligible Customer may request that the ISO or affected Transmission Owner(s), as applicable, cluster the System Impact Studies and/or Facilities Studies. The Eligible Customer shall notify the ISO or affected Transmission Owner(s), as applicable, prior to signing a study agreement if the Eligible Customer requests its System Impact Study or Facilities Study to be clustered with another Eligible Customer's System Impact Study or Facilities Study. In this notification, the Eligible Customer shall identify the other Eligible Customer request(s) with which it would like to be clustered, and shall indicate whether the other Eligible Customer(s) with which it requests clustering support(s) the clustering request. The ISO or affected Transmission Owner(s) may, in their discretion, notify Eligible Customers who have requested studies about potential clustering opportunities. The ISO or affected Transmission Owner(s), as applicable, will accommodate any reasonable clustering request; however, the ISO or affected Transmission Owner(s) will not consider a clustering request to be reasonable if:

(i) The cluster is not supported by all Eligible Customers proposed to be in the cluster; or

(ii) The ISO or affected Transmission Owner(s) determine that the requests should be studied individually rather than in a cluster (*e.g.*, studies are geographically diverse or otherwise impact the transmission system in diverse ways such that clustering is not reasonable)~~; or~~

~~(iii) In the ISO's or any affected Transmission Owner's discretion, the ISO or Transmission Owner determines that granting the clustering request is likely to cause the ISO or Transmission Owner to miss any deadline set forth in this Tariff.~~

All Eligible Customers involved in a cluster study will be required to execute the System Impact Study Agreement and/or Facilities Study Agreement which provides that the System Impact Study or Facilities Study will be performed as a cluster study. The study will be performed in accordance with the procedures set forth in section 19.3, 19.4, 32.3 and 32.4 with the exception that the timeline for performing the System Impact Study or Facilities Study will begin to run after all Eligible Customers who have notified the ISO or Transmission Owner of their intent to participate in a cluster study have executed a System Impact Study Agreement or Facilities Study Agreement, or on a later date authorized under those provisions.

Once Eligible Customers agree to have the ISO or a Transmission Owner cluster their System Impact Studies or Facilities Studies, the Eligible Customers may not opt out of the cluster unless the ISO or affected Transmission Owner(s), respectively, agree(s), in its or their sole discretion, to allow it.

Eligible Customers that have agreed to cluster their System Impact Study or Facilities Study shall be responsible for reimbursing the ISO or affected Transmission Owner for performing the clustered System Impact Study or Facilities Study in equal shares, unless the Eligible Customers in the cluster independently agree to an alternate

The ISO shall calculate ATC values using a methodology that reflects its provision of transmission service under an LBMP system and the schedules produced by its Day-Ahead Market and Real-Time Market software (except with respect to Pre-Scheduled Transactions). The ISO shall not limit Transmission Customers' ability to schedule Firm Transmission Service across Internal Interfaces based on ATC values. If the posted ATC value for an Interface is zero, that is an indication that the Interface is congested. The ISO may, however, still be able to provide additional Firm Transmission Service over Internal Interfaces for Transmission Customers that are willing to pay congestion charges by redispatching ~~the~~ New York State ~~Transmission~~ Power System.

2.0 Methodology for Computing Firm and Non-Firm ATC

The ISO shall calculate and post Firm ATC and Non-Firm ATC from two days to eighteen months in advance of the Dispatch Day based on accepted Pre-scheduled Transaction Requests across External Interfaces.

The ISO also calculates Firm ATC based on the market schedules determined using its Security Constrained Unit Commitment ("SCUC") process for the Day-Ahead Market and its Real-Time Commitment ("RTC") and Real-Time Dispatch ("RTD") (together, "Real-Time Scheduling" ("RTS")) process for the Real-Time Market. These Firm ATC values shall be posted after the close of the Day-Ahead Market and Real-Time Market for all Interfaces and Scheduled Lines.

For all purposes and for all time periods, the ISO calculates and posts Firm ATC by first determining Total Transfer Capability ("TTC") and then subtracting Firm Transmission Flow Utilization and Transmission Reserve Margin ("TRM"). Thus:

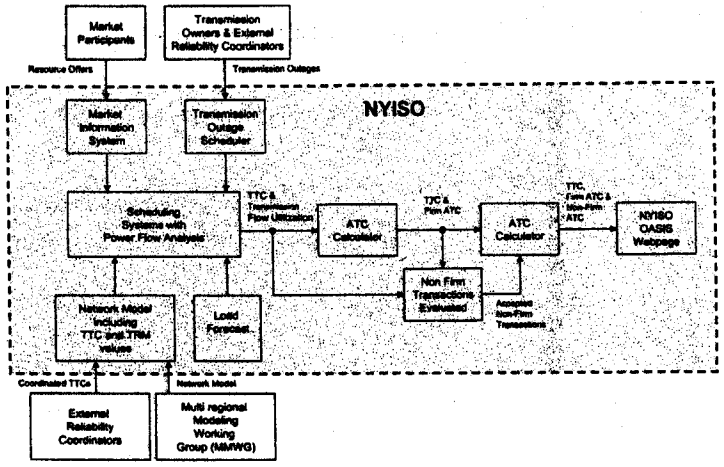
$$ATC_{Firm} = TTC - Transmission\ Flow\ Utilization_{Firm} - (TRM)$$

For all purposes and for all time periods, the ISO calculates and posts Non-Firm ATC by first calculating the amount of Firm ATC and then subtracting Non-Firm Transmission Flow Utilization:

$$ATC_{Non\text{-}Firm} = ATC_{Firm} - Transmission\ Flow\ Utilization_{Non\text{-}Firm}$$

3.0 Process Flow Diagram

The following diagram illustrates the process that the ISO follows when computing and posting ATC.



4.0 Total Transfer Capability ("TTC")

The ISO shall develop TTC values for each Interface and Scheduled Line. External Interfaces may be represented by one or more Proxy Generator Buses for scheduling and dispatching purposes. Each Proxy Generator Bus associated with an External Interface may be associated with distinct, posted TTC values. Each Scheduled Line is associated with a distinct Proxy Bus for which the ISO separately posts a TCC value.

The TTC value for each Interface and Scheduled Line shall be the maximum amount of electric power that can be reliably transferred over the New York State Transmission System. The ISO shall use studies that it performs, joint studies conducted with neighboring Control Areas, and real-time system monitoring to determine the appropriate TTC values. The TTC values are periodically reviewed and may be updated as warranted to ensure that accurate values are posted.

Databases used in the determination of the TTC values include ~~the following: NYISO Databank system representation, MAAC-ECAR-NPCC/VACAR-ECAR-MAAC Reliability Assessment~~ MultiRegional Modeling Working Group system representations, and the ISO's Day-Ahead Market and Real-Time Market system representations.

Databases used in the determination of the TRM values include the MultiRegional Modeling Working Group system representations and the ISO's Day-Ahead Market and Real-Time Market system representations.

The TRM used ~~for purposes of the ATC calculations conducted~~ to calculate ATC at External Interfaces in connection with Pre-Scheduled Transactions up to eighteen months before the Dispatch Day will normally be significantly greater than the TRM used ~~for purposes of ATC calculations conducted~~ to calculate ATC for External Interfaces for the Day-Ahead Market and the Real-Time Market due to the greater uncertainty regarding long range External Interface transmission facility availability.

TRM equal to the sum of the following components shall be applied to calculations conducted up to eighteen months before the Dispatch Day to address unexpected system conditions including: (1) unscheduled loop or parallel flows ranging in value from zero (0) MW to five hundred (500) MW based on the average of the last three months of historical parallel flows observed for each External Interface, (2) load forecast uncertainty (normally this value is set to zero (0) MW), (3) uncertainty in external system conditions (normally this value is set to zero (0) MW), and (4) External Interface transmission facility availability ranging in value from zero (0) MW to one thousand (1000) MW reflecting the uncertainty of transfer capability resulting from the most significant single transmission facility outage for each External Interface.

The TRM used for purposes of ATC calculations conducted for External Interfaces for the Day-Ahead Market and the Real-Time Market shall be used to address unexpected system conditions ~~including~~equal to the sum of the following components: (1) unscheduled loop or parallel flows ranging in value from zero (0) to five hundred (500) MW based on the average of the last three months of historical parallel flows observed for each External Interface, (2) load forecast uncertainty, normally of value zero (0) MW, and (3) uncertainty in external system conditions, normally of value zero (0) MW.

The TRM used for purposes of the ATC calculations conducted for Internal Interfaces for the Day-Ahead Market and the Real-Time Market shall normally be equal to the sum of the following components or a value of one hundred (100) MW ~~or less~~, although the ISO may increase it above that level if necessary. TRM is applied to these ATC calculations to address unexpected system conditions including: (1) unscheduled loop or parallel flows normally of value zero (0) MW, (2) load forecast uncertainty normally of value zero (0) MW, (3) uncertainty in external and internal system conditions normally of value one hundred (100) MW, and (4) ISO Balancing Authority requirements normally of value zero (0) MW.

The TRM used for purposes of the ATC calculations conducted for Scheduled Lines for the Day-Ahead Market and the Real-Time Market shall normally be equal to the sum of the following components, which will ordinarily be expected to have a combined value of zero (0) MW, although the ISO may increase it above that level if necessary: (1) unscheduled loop or parallel flows ranging based on the average of the last three months of historical parallel flows observed for each associated External Proxy Generator Bus, normally of value zero (0) MW, (2) load forecast uncertainty, normally of value zero (0) MW, and (3) uncertainty in external system conditions, normally of value zero (0) MW.

TRM is used to decrement TTC from External and Internal Interfaces and from Scheduled Lines when calculating ATC, and thus is not available when requesting Non-Firm transmission service. The ISO may, however, still be able to provide additional Firm Transmission Service over Internal Interfaces for Transmission Customers that are willing to pay congestion charges by redispatching New York State Power System.

The specific values of TRM used on each Internal and External Interface and Scheduled Line ~~is~~ are posted on the ISO's website. The TRM values are periodically reviewed by the ISO and may be updated as warranted.

7.0 Existing Transmission Commitments ("ETC")

The ISO shall not set aside transmission capacity as ETC when calculating ATC or otherwise in developing SCUC and RTS market schedules.

8.0 Capacity Benefit Margin

The ISO shall not set aside transmission capacity as CBM when calculating ATC or otherwise in developing SCUC and RTS market schedules.

ATTACHMENT III

NYISO ATC Calculation Flow Diagram