

OATT

Third Revised Sheet No. 22A

1.3d1 Back-Up Operation: ~~See 10A.0 infra.~~ The procedures for operating the NYCA in a safe and reliable manner when the ISO's normal communication or computer systems are not fully functional as set forth in Article 10A.0 of this ISO OATT and Section 5.3 of the ISO Services Tariff.

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7.0 BILLING AND PAYMENT

7A.0 ISO Clearing Account

~~The ISO will provide accurate and verifiable Settlement and billing information to Transmission Customers.¹ The ISO will establish an account (the "ISO Clearing Account"), and Transmission Customers shall will be directed to make payments into or receive payments from the ISO Clearing Account in accordance with their Settlement information provided by the ISO as described in Section 7.1 of this ISO OATT. The ISO will make payments through the ISO Clearing Account to all entities owed money in accordance with the ISO OATT and the ISO Services Tariff.²~~

The ISO Clearing Account established herein shall be opened and operated by the ISO as trustee in trust for ISO creditors and ISO debtors in accordance with this ISO OATT Tariff.

The account shall be maintained at a bank or other financial institution in New York State as a trust account. Such account shall not be commingled with any other ISO accounts. ~~The ISO will not take title to the funds held in the ISO Clearing Account. Nor will the ISO will not take title to any Energy, Capacity, Ancillary Services or TCCs. The ISO will inform each Transmission Customer or Primary Holder that purchases Transmission Services or Ancillary Services, or holds TCCs, in accordance with this Tariff, of the payments due according to the Day Ahead and Real Time Settlements.³ The payments due from the Transmission Customer or Primary Holder to the ISO for each service will be netted against the corresponding amounts due to the Transmission~~

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~~Customer for generating Energy and providing Capacity and Ancillary Services under the will receive payments from the ISO Clearing Account on the payment date.⁴ Residual provisions of the ISO Services Tariff and amounts due to Primary Holders. A Transmission Customer owing payments on net will make those payments to the ISO~~

¹ The substance of this sentence has been relocated to Section 7.1A of this ISO OATT (Tariff Sheet 79).

² The substance of this sentence has been relocated to Section 7.1C of this ISO OATT (Tariff Sheet 81).

³ The substance of this sentence has been relocated to Section 7.1A of this ISO OATT (Tariff Sheet 79).

⁴ The substance of this provision has been relocated to Section 7.1A of this ISO OATT (Tariff Sheet 79).

~~Clearing Account on the payment date.⁵ A Transmission Customer owed payments on net collections remaining in this account will consist of excess congestion rents from the Real Time Market, and residual losses. Excess congestion rents from the Real Time Market will be applied to offset Scheduling, System Control and Dispatch Service costs (See Schedule 1). Residual losses will be calculated and applied in accordance with Attachment J and will be applied to offset Scheduling, System Control and Dispatch Service costs (See Schedule 1). Excess revenues from Energy Imbalance penalties will be calculated and applied in accordance with Schedule 4 and will be applied as an offset to Scheduling, Control and Dispatch Service costs (See Schedule 1).~~

7B.0 Determination and Payment of Billing and Charges Associated with Transmission Service

This Section 7B.0 applies to all Transmission Services except Transmission Service pursuant to Grandfathered Agreements listed in Attachment L. Charges applicable to

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7.1 Billing Procedures: ~~The ISO shall issue bills and Settlement information in accordance with this Article and with the provisions of Section 7B of this Tariff, and customers shall make payments pursuant to those bills and Settlement statements, *provided* that billing with respect to customers participating in retail access programs shall be in accordance with Part IV of this Tariff.⁶~~

A. (i) Invoices and Settlement Information:

~~The ISO shall provide settlement and billing information to Transmission Customers.⁷ The ISO shall inform each Transmission Customer that provides or is provided services furnished under this ISO OATT or the ISO Services Tariff in the ISO Administered Markets of the payments due, according to the Day-Ahead and real-time settlements. For each service provided for under this ISO OATT or the ISO Services Tariff, the payments due to the ISO shall be netted against the corresponding amounts due to the Transmission Customer for providing services in the ISO Administered Markets.⁸ Such information shall be electronically transmitted to the Transmission Customer.~~

~~Settlement and billing procedures for payments of the TSC by retail access customers or LSEs serving retail access customers in accordance with Part IV of this Tariff shall be separately issued, paid and collected in accordance with Part IV of this Tariff.⁹ Settlement information and billing procedures for payments for TSCs for customers other than retail access customers and LSEs serving retail access customers shall be~~

⁵ The substance of this sentence has been relocated to Section 7.1B of this ISO OATT (Tariff Sheet 81).

⁶ The substance of this sentence has been relocated to a new Section 7.1F of this ISO OATT (Tariff Sheet 82).

⁷ The substance of this sentence was originally located in Section 7A.0 of this ISO OATT (Tariff Sheet 71).

⁸ The substance of this sentence was originally located in Section 7A.0 of this ISO OATT (Tariff Sheet 71).

⁹ This sentence has been relocated to the new Section 7.1E of this ISO OATT (Tariff Sheet 82).

~~separately issued, paid and collected in accordance with the terms and conditions set forth in Attachment H in accordance with Part IV of this Tariff. Settlement and billing procedures~~

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~~for all charges other than TSCs shall be as set forth in this Section.~~¹⁰

~~_____~~ Within ~~five (5) business days~~ a reasonable time after the first day of each month, the ISO shall submit an invoice to the Transmission Customer ~~that indicates~~ for the net amount owed by ~~or owed to~~ the Transmission Customer for each of the services furnished under this ~~ISO OATT Tariff and the ISO Services Tariff~~ during the preceding month. ~~Such invoices shall also show the net amount owed to the Transmission Customer by type of service. The ISO shall provide each Transmission Owner with information to facilitate TSC billing.~~¹¹ Charges may be based in whole or in part on estimates. Any charges based on estimates shall be subject to true-up, including interest calculated from the first due date after the service was rendered in accordance with Section 7.2 ~~of this ISO OATT~~, in invoices subsequently issued by the ISO after the ISO has obtained the requisite actual information, ~~provided that the actual information is supplied to the ISO within the timeframes established in Section 7.2A of this ISO OATT.~~ The ISO may net any overpayment, including interest calculated from the date the overpayment was made in accordance with Section 7.2 ~~of this ISO OATT~~, by the Transmission Customer for past estimated charges against current amounts due from the Transmission Customer or, if the Transmission Customer has no outstanding amounts due, the ISO may pay to the Transmission Customer an amount equal to the overpayment. The ISO's invoices to

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Transmission Customers will be submitted only by electronic means via the ISO's Bid/Post System.

B.(ii) Payment by the Transmission Customer:

~~_____~~ ~~A Invoices shall be paid by the Transmission Customer~~ owing payments on net shall make those payments to the ISO Clearing Account by the first ~~banking~~ Business Day ~~common to all parties~~ after the 15th day of the month that the invoice is rendered by the ISO. All payments shall be made by wire transfer in immediately available funds payable to the ISO as trustee of the ISO Clearing Account.

C.(iii) Payments by the ISO:

~~_____~~ The ISO shall pay all net monies ~~owed~~ to a Transmission Customer from the ISO Clearing Account by the first ~~banking~~ Business Day ~~common to all parties~~ after the 19th day of the month that the invoice is rendered by the ISO.

¹⁰ This sentence has been relocated to the new Section 7.1E of this ISO OATT (Tariff Sheet 82).

¹¹ This sentence has been relocated to the new Section 7.1E of this ISO OATT (Tariff Sheet 82).

All payments shall be made by wire transfer in immediately available funds payable to the Transmission eCustomer by the ISO as trustee of the ISO Clearing Account unless other arrangements are made.

D.(iv) Verification of Payments:

The ISO shall institute procedures to verify that all payments owed by Transmission Customers in accordance with this ISO OATT and the ISO Services Tariff to the ISO Clearing Account have been paid in a timely manner in accordance with ISO Procedures. If a Transmission Customer fails to make a payment within the time period established in Section 7.1B of this ISO OATT or pays less than the amount due, the ISO shall take measures pursuant to Section 7.3 of this ISO OATT.¹² The ISO shall be responsible for ensuring that such payments are made within the prescribed period of time and for instituting collection procedures to collect those monies that have not been timely paid. The ISO shall also institute procedures to

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ensure that monies owed to Transmission Customers in accordance with this ISO OATT and the ISO Services Tariff are paid through the ISO Clearing Account in a timely manner in accordance with ISO Procedures, and the ISO shall be responsible for ensuring that such payments are made.

E. Settlement Information and Billing Procedures for TSCs¹³

The ISO shall provide each Transmission Owner with information to facilitate TSC billing.¹⁴ Settlement information and billing procedures for payments of the TSC by retail access customers or LSEs serving retail access customers in accordance with Part IV of this ISO OATT shall be separately issued, paid and collected in accordance with Part IV of this ISO OATT. Settlement information and billing procedures for payments for TSCs for customers other than retail access customers and LSEs serving retail access customers shall be separately issued, paid and collected in accordance with the terms and conditions set forth in Attachment H in accordance with Part IV of this ISO OATT.¹⁵

F. Billing Procedures for Retail Access Programs

The billing procedures for customers participating in retail access programs shall be in accordance with Part IV of this ISO OATT.¹⁶

¹² This sentence was originally located in Section 7.1(i) of this ISO OATT (Tariff Sheet 80) was inserted to make this provision consistent with Section 7.2D of the Services Tariff.

¹³ As part of a separate review of TSC-related provisions, the NYISO intends to propose some changes to this paragraph.

¹⁴ This sentence was originally located in Section 7.1 of this ISO OATT (Tariff Sheet 80).

¹⁵ This sentence was originally located in Section 7.1 of this ISO OATT (Tariff Sheets 79 and 80).

¹⁶ The substance of this sentence was originally located in Section 7.1 of this ISO OATT (Tariff Sheet 79).

7.2 Interest on Unpaid Balances: Interest on any unpaid amount whether owed to a Transmission ~~e~~Customer or to the ISO as trustee of the ISO Clearing Account (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a (a) (2) (iii). Interest on unpaid ~~delinquent~~ amounts shall be calculated from the due date of the bill to the date of payment. Invoices shall be considered as having been paid on the date of receipt by the ISO.

If the ISO is unable to provide ~~S~~settlement information on time due to the actions or inactions of ~~, or caused by,~~ the Transmission Customer, in addition to any other remedies the ISO may have at law or in equity, the Transmission Customer shall pay interest on amounts due, as calculated above, from the first day of the month following the month in which charges are accrued, to the time of payment of those charges.

7.2A Billing Disputes: This Section 7.2A establishes the process and timeframe for review, challenge, and correction of Transmission Customer invoices. For purposes of this Section 7.2A, any deadline that falls on a Saturday, Sunday, or holiday for which the ISO is closed shall be observed on the ISO's next business day.

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For purposes of this Section 7.2A, "finalized" data and invoices shall not be subject to further correction, including by the ISO, except as ordered by the Commission or a court of competent jurisdiction; *provided, however*, that nothing herein shall be construed to restrict any stakeholder's right to seek redress from the Commission in accordance with the Federal Power Act.

~~7.2A.1 Settlement Cycle for Services Furnished Prior to January 1, 2007~~

~~7.2A.1a Corrections or Adjustments to Settlement Information~~

~~Settlement information for services furnished prior to October 1, 2002, shall be subject to correction or adjustment for errors by the ISO in arithmetic, computation, or estimation, for up to twenty four~~

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~~(24) months from the date of the initial invoice for the month in which service is rendered and as further provided in Section 7.2A.1c below. Settlement information for services furnished between October 1, 2002, and December 31, 2006, shall be subject to correction or adjustment for errors by the ISO in arithmetic, computation, or estimation for up to twelve (12) months from the date of the initial invoice for the month in which service is rendered and as further provided in Section 7.2A.1c below. The ISO shall notify all Transmission Customers of errors identified and the details of corrections or adjustments made pursuant to this Section 7.2A.1a.~~

~~7.2A.1b — Transmission Customer Challenges to the Accuracy of Settlement Information~~

~~After making any necessary corrections in accordance with Section 7.2A.1a, the ISO shall issue a corrected invoice for Transmission Customer review, clearly indicating the start of the Transmission Customer review period. In the event that the ISO determines no corrections to an invoice are necessary, it shall reissue the original invoice for Transmission Customer review, clearly indicating the start of the Transmission Customer review period. Transmission Customers shall then be permitted to review the accuracy of settlement information contained in the invoice for a period of: (i) twelve (12) months for invoices~~

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~~for services furnished prior to October 1, 2002, and (ii) four (4) months for invoices for services furnished between October 1, 2002, and December 31, 2006.~~

~~In order to challenge settlement information contained in an invoice, a Transmission Customer shall first make payment in full, including any amounts in dispute. Transmission Customer challenges to settlement information shall: (i) be submitted to the ISO in writing, (ii) be clearly identified as a settlement challenge, (iii) state the basis for the Transmission Customer's challenge, and (iv) include supporting documentation, if applicable.~~

~~7.2A.1c — Review and Correction of Challenged Invoices~~

~~The ISO shall evaluate a settlement challenge as soon as possible within two (2) months following the conclusion of the challenge period specified in Section 7.2A.1b; *provided, however*, the ISO may, upon notice to Transmission Customers within this time of extraordinary circumstances requiring a longer evaluation period, take up to six (6) months to evaluate a settlement challenge. Initiation of a dispute resolution proceeding pursuant to Article 11 of the ISO Services Tariff or Article 12 of the ISO OATT pertaining to a pending customer settlement challenge shall constitute an extraordinary circumstance for purposes of this Section 7.2A.1c. The ISO shall not be limited to the scope of challenges in~~

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~~invoice; *provided, however*, that the ISO may recover *de minimis* amounts or amounts that the ISO is unable to collect from individual Transmission Customers through Schedule 1 of the OATT.~~

~~If the ISO determines that corrections or adjustments to a challenged invoice are necessary and can quantify them with reasonable certainty, the ISO shall provide all Transmission Customers with the details of the corrections or adjustments within the timeframe established in this Section 7.2A.1c and shall then provide a period of twenty five (25) days for Transmission Customers to~~

~~review the corrected settlement information and provide comments to the ISO regarding the implementation of those corrections or adjustments. If no errors in the implementation of corrections or adjustments are identified during the twenty-five (25) day Transmission Customer comment period, the ISO shall issue a finalized close-out Settlement (“Close-Out Settlement”), clearly identified as such, in the next regular monthly billing invoice. If an error in the implementation of a correction or adjustment is identified during the twenty-five (25) day Transmission Customer comment period, the ISO shall make such further corrections as are necessary to address the error and shall then provide one additional period of twenty-five (25) days for Transmission Customers to review and comment on the implementation~~

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~~of those further corrections. The ISO shall then make any final corrections that are necessary and shall issue a finalized Close-Out Settlement in the next regular monthly billing invoice.~~

7.2A.12 Settlement Cycle for Services Furnished Between January 1, 2007, and December 31, 2008

7.2A.12a ISO Corrections or Adjustments and Transmission Customer Challenges to the Accuracy of Settlement Information

Settlement information for services furnished between January 1, 2007, and December 31, 2008, shall be subject to review, comment, and challenge by a Transmission Customer and correction or adjustment by the ISO for errors ~~in arithmetic, computation, or estimation~~ at any time for up to seven (7) months from the date of the initial ~~settlement~~ invoice for the month in which the service is rendered and as further provided in Section 7.2A.21b ~~below~~, subject to the following requirements and limitations:

- (i) A Supplier or meter authority may review, comment on, and challenge Generator, ~~and tie-line, and sub-zone~~ Load metering data for fifty-five (55) days from the date of the initial invoice for the month in which service is rendered. Following this review period, the ISO shall then have five (5) days to process and correct Generator, ~~and tie-line, and sub-zone~~ Load metering data, after which time it shall be finalized.

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- (ii) The meter authority shall provide to the ISO all LSE bus metering data then available within seventy (70) days from the date of the initial invoice and shall provide any necessary updates to the LSE bus metering data as soon as possible thereafter. The ISO shall post all available LSE bus metering data within approximately seventy-one (71) days from the date of ~~the~~ initial invoice and shall continue to post incoming LSE bus metering data as soon as practicable after it is received.

- (iii) The ISO shall post advisory settlement information, including available LSE bus metering data, within ninety (90) days from the date of the initial invoice. Transmission Customers may review, comment on, and challenge this settlement information, except for Generator, tie-line, and sub-zone Load metering data, after which the ISO shall process and correct the data and issue a corrected invoice with the regular monthly invoice issued on or about one hundred twenty (120) days from the date of the initial invoice.
- (iv) The meter authority shall provide to the ISO any final updates or corrections to LSE bus metering data within one hundred thirty (130) days from the date of the initial invoice. The ISO shall then post any updated

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and corrected LSE bus metering data within one hundred thirty-one (131) days from the date of the initial invoice. Transmission Customers may then review, comment on, and challenge the LSE bus metering data for an additional fourteen (14) days. Following this review period, the ISO shall have five (5) days to process and correct the LSE bus metering data, after which it shall be finalized.

- (v) At one hundred fifty (150) days from the date of the initial invoice, the ISO shall post updated advisory settlement information. Transmission Customers may review, comment on, and challenge this settlement information, except for Generator, tie-line, sub-zone Load, and LSE bus metering data, after which the ISO shall process and correct the data and issue an updated corrected invoice with the regular monthly invoice issued on or about one hundred eighty (180) days from the date of the initial invoice.
- (vi) Following the ISO's issuance of an updated corrected invoice, Transmission Customers may continue to review, comment on, and challenge settlement information, excepting Generator, tie line, sub-zone Load, and LSE bus metering data, until the end of the seven-month review period.

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The ISO shall use reasonable means to post metering revisions for review by Transmission Customers and to notify Transmission Customers of the approaching expiration of review periods. To challenge settlement information contained in an invoice, a Transmission Customer shall first make payment in full, including any amounts in dispute. Transmission Customer challenges to settlement information shall: (i) be submitted to the ISO in writing, (ii) be clearly identified as a settlement challenge, (iii) state the basis for the Transmission Customer's challenge, and (iv) include supporting documentation, if applicable. The ISO shall notify all Transmission Customers of errors identified and the details of corrections or adjustments made pursuant to this Section 7.2A.21a.

7.2A.21b Review and Correction of Challenged Invoices

The ISO shall evaluate a settlement challenge as soon as possible within two (2) months following the conclusion of the challenge period specified in Section 7.2A.21a; *provided, however*, the ISO may, upon notice to Transmission Customers within this time of extraordinary circumstances requiring a longer evaluation period, take up to six (6) months to evaluate a settlement challenge.

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The ISO shall not be limited to the scope of challenges in its review of a challenged invoice and may, at its discretion, review and correct any other elements and intervals of a challenged invoice, except Hload and meter data as specified in 7.2A.21a. Corrections to a challenged invoice shall be applied to all Transmission Customers that were or should have been affected by the original settlement and shall not be limited to the Transmission Customer challenging the invoice; *provided, however*, that the ISO may recover *de minimis* amounts or amounts that the ISO is unable to collect from individual Transmission Customers through Schedule 1 of this ISO OATT.

Upon completing its evaluation, the ISO shall provide written notice to the challenging Transmission Customer of the ISO's final determination regarding the Transmission Customer's settlement challenge. If the ISO determines that corrections or adjustments to a challenged invoice are necessary and can quantify them with reasonable certainty, the ISO shall provide all Transmission Customers with the details of the corrections or adjustments within the timeframe established in this Section 7.2A.21b. The ISO shall then provide a period of twenty-five (25) days for Transmission Customers to review the corrected settlement information and provide comments to the ISO regarding the implementation of those corrections or adjustments; *provided, however*, that in the event of a dispute

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resolution proceeding conducted in accordance with Section 7.2A.35 of this ISO OATT-Tariff, this twenty-five (25) day period shall not start or, if it has already started, shall be suspended until the conclusion of the dispute resolution proceeding. Following the conclusion of the dispute resolution proceeding, the ISO shall make any corrections to Transmission Customers' settlement invoices that it determines to be necessary ~~as a result of the dispute resolution proceeding~~ and shall then start, or re-start, the twenty-five (25) day Transmission Customer comment period.

If no errors in the implementation of corrections or adjustments are identified during the twenty-five (25) day Transmission Customer comment

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period, the ISO shall issue a finalized close-out Ssettlement ("Close-Out

Settlement”), clearly identified as such, in the next regular monthly billing invoice. If an error in the implementation of a correction or adjustment is identified during the twenty-five (25) day Transmission Customer comment period, the ISO shall have one (1) month to make such further corrections as are necessary to address the error and shall then provide Transmission Customers with one additional period of twenty-five (25) days for Transmission Customers to review and comment on the implementation of those further corrections. If an error in the implementation of those further corrections is identified, the ISO shall then have one (1) month to make any final corrections that are necessary and shall issue a finalized Close-Out Settlement in the next regular monthly billing invoice.

7.2A.23 Settlement Cycle for Services Furnished On and After January 1, 2009¹⁷

7.2A.23a ISO Corrections or Adjustments and Transmission Customer Challenges to the Accuracy of Settlement Information

Settlement information for services furnished beginning January 1, 2009, and thereafter shall be subject to review, comment, and challenge by a Transmission Customer and correction or adjustment by the ISO for errors ~~by the ISO in arithmetic, computation, or estimation~~ at any time for up to five (5) months from the date of the initial invoice for the month in which service is rendered and as further provided in Section 7.2A.32b ~~below~~, subject to the following requirements and limitations:

- (i) A Supplier or meter authority may review, comment on, and challenge Generator, ~~and tie-line, and sub-zone Load~~ metering data for fifty-five (55) days from the date

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of the initial invoice for the month in which service is rendered. Following this review period, the ISO shall then have five (5) days to process and correct Generator, ~~and tie-line, and sub-zone Load~~ metering data, after which time it shall be finalized.

- (ii) The meter authority shall provide to the ISO all LSE bus metering data then available within seventy (70) days from the date of the initial invoice and shall provide any necessary updates to the LSE bus metering data as soon as possible thereafter. The ISO shall post all available LSE bus metering data within approximately seventy-one (71) days from the date of the initial invoice and shall continue to post incoming LSE bus metering data as soon as practicable after it is received.
- (iii) The ISO shall post advisory settlement information, including available LSE bus metering data, within ninety (90) days from the date of the initial invoice. Transmission Customers may review, comment on, and challenge this settlement information, except for Generator, tie-line, and sub-zone Load metering data, after which the ISO shall process and correct the data and issue a corrected invoice with the regular monthly invoice issued on or about one hundred twenty (120) days from

¹⁷ Section 7.2A.3 reflects the changes that will be implemented with the shortened settlement cycle filing this month. For this reason, tariff sheet numbers for this section are not yet available.

the date of the initial invoice. Following the ISO's issuance of a corrected invoice, Transmission Customers may continue to review, comment on, and challenge their settlement information, excepting Generator, ~~and tie-line,~~ and sub-zone Load metering data, until the end of the five-month review period.

Original Sheet No. 83.01G(2)

- (iv) The meter authority shall provide to the ISO any final updates or corrections to LSE bus metering data within one hundred thirty (130) days from the date of the initial invoice. The ISO shall then post any updated and corrected LSE bus metering data within one hundred thirty-one (131) days from the date of the initial invoice. Transmission Customers may then review, comment on, and challenge the LSE bus metering data for an additional fourteen (14) days. Following this review period, the ISO shall have five (5) days to process and correct the LSE bus metering data, after which it shall be finalized.

The ISO shall use reasonable means to post metering revisions for review by Transmission Customers and to notify Transmission Customers of the approaching expiration of review periods. To challenge settlement information contained in an invoice, a Transmission Customer shall first make payment in full, including any amounts in dispute. Transmission Customer challenges to settlement information shall: (i) be submitted to the ISO in writing, (ii) be clearly identified as a settlement challenge, (iii) state the basis for the Transmission Customer's challenge, and (iv) include supporting documentation, if applicable. The ISO shall notify all Transmission Customers of errors identified and the details of corrections or adjustments made pursuant to this Section 7.2A.32a.

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7.2A.32b Review and Correction of Challenged Invoices

The ISO shall evaluate a settlement challenge as soon as possible within two (2) months following the conclusion of the challenge period specified in Section 7.2A.32a; *provided, however*, the ISO may, upon notice to Transmission Customers within this time of extraordinary circumstances requiring a longer evaluation period, take up to six (6) months to evaluate a settlement challenge. The ISO shall not be limited to the scope of Transmission Customer challenges in its review of a challenged invoice and may, at its discretion, review and correct any other elements and intervals of a challenged invoice, except Load and meter data as specified in Section 7.2A.32a. Corrections to a challenged invoice shall be applied to all Transmission Customers that were or should have been affected by the original settlement and shall not be limited to the Transmission Customer challenging the invoice; *provided, however*, that the ISO may recover *de minimis* amounts or amounts that the ISO is unable to collect from individual Transmission Customers through Rate Schedule 1 of this ISO OATT.

Upon completing its evaluation, the ISO shall provide written

notice to the challenging Transmission Customer of the ISO's final determination regarding the Transmission Customer's settlement challenge. If the ISO determines that corrections or adjustments to a challenged invoice are necessary and can quantify them with reasonable certainty, the ISO shall provide all Transmission Customers with the details of the

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corrections or adjustments within the timeframe established in this Section 7.2A.32b. The ISO shall then provide a period of twenty-five (25) days for Transmission Customers to review the corrected settlement information and provide comments to the ISO regarding the implementation of those corrections or adjustments; *provided, however*, that in the event of a dispute resolution proceeding conducted in accordance with Section 7.2A.35 of this ISO OATTTariff, this twenty-five (25) day period shall not start or, if it has already started, shall be suspended until the conclusion of the dispute resolution proceeding. Following the conclusion of the dispute resolution proceeding, the ISO shall make any corrections to Transmission Customers' settlement invoices that it determines to be necessary ~~as a result of the dispute resolution proceeding~~ and shall then start or re-start the twenty-five (25) day Transmission Customer comment period.

If no errors in the implementation of corrections or adjustments are identified during the twenty-five (25) day Transmission Customer comment period, the ISO shall issue a finalized close-out ~~S~~settlement ("Close-Out Settlement"), clearly identified as such, in the next regular monthly billing invoice. If an error in the implementation of a correction or adjustment is identified during the twenty-five (25) day Transmission Customer comment period, the ISO shall have one (1) month to make such further corrections as are necessary to address the error and ~~shall then~~ provide Transmission Customers with one additional period of twenty-five (25) days ~~for Transmission Customers to review and comment on the implementation of those further corrections.~~ If an error in the implementation of those further corrections is identified, ~~the~~ ISO shall then have one (1) month to make any final corrections that are necessary and shall issue a finalized Close-Out Settlement in the next regular monthly billing invoice.

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7.2A.4 Settlement Information Not Subject to These Provisions

The provisions of this Section 7.2A shall not apply to settlements calculated pursuant to Sections 2.4 and 2.5 of Attachment N of the ISO OATT nor Sections 2.4 and 2.5 of Part V of Attachment B of the ISO Services Tariff. The NYISO shall make a filing with the Commission regarding the timing for

~~correcting and finalizing settlements calculated pursuant to these provisions and shall correct and finalize those settlements on the schedule directed by the Commission.~~

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7.2A.35 Expedited Dispute Resolution Procedures for Unresolved Settlement Challenges

7.2A.35a Applicability of Expedited Dispute Resolution Procedures

This Section 7.2A.35 establishes expedited dispute resolution procedures applicable to address any dispute between a Transmission Customer and the ISO regarding a Transmission Customer settlement that was not resolved in the ordinary settlement review, challenge, and correction process; *provided, however*, that nothing herein shall restrict a Transmission Customer or the ISO from seeking redress from the Commission in accordance with the Federal Power Act.

A Transmission Customer may request ~~this~~ expedited dispute resolution if it has previously presented a settlement challenge consistent with the requirements of Section 7.2A.21a or Section 7.2A.32a of this ISO OATT~~Tariff~~ and has received from the ISO a final, written determination regarding the settlement challenge pursuant to Section 7.2A.21b or Section 7.2A.32b of this ISO OATT~~Tariff~~. The scope of an expedited dispute resolution proceeding shall be limited to the subject matter of the Transmission Customer's prior settlement challenge. Transmission Customer challenges regarding Generator, tie-line, sub-zone Load and LSE bus metering data shall not be eligible for formal dispute resolution proceedings under this ISO OATT~~Tariff~~. To ensure consistent treatment of disputes, separate

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requests for expedited dispute resolution regarding the same issue and the same service month or months may be resolved on a consolidated basis, consistent with applicable confidentiality requirements.

7.2A.53b Initiation of Expedited Dispute Resolution Proceeding

To initiate an expedited dispute resolution proceeding, a Transmission Customer shall submit a written request to the ISO Chief Financial Officer within eleven (11) business days from the date that the ISO issues a final, written determination regarding a Transmission Customer settlement challenge pursuant to Section 7.2A.21b or Section 7.2A.32b of this ISO OATT~~Tariff~~. A Transmission Customer's written request for expedited dispute resolution shall contain: (i) the name of the Transmission Customer making the request, (ii) an indication of other potentially affected parties, to the extent known, (iii) an estimate of the amount in controversy, (iv) a description of the Transmission Customer's claim with sufficient detail to enable the ISO to determine whether

the claim is within the subject matter of a settlement challenge previously submitted by the Transmission Customer, (v) copies of the settlement challenge materials previously submitted by the Transmission Customer to the ISO, and (vi) citations to the ISO's Tariffs and/or other relevant materials upon which the Transmission Customer's settlement challenge relies.

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The ISO Chief Financial Officer shall acknowledge in writing receipt of the Transmission Customer's request to initiate an expedited dispute resolution proceeding. If the ISO determines that the proceeding would be likely to aid in the resolution of the dispute, the ISO shall accept the Transmission Customer's request and provide written notice of the proceeding to all Transmission Customers through the ordinary means of communication for settlement issues. The ISO shall provide written notice to the Transmission Customer in the event that the ISO declines its request for expedited dispute resolution.

7.2A.53c Participation by Other Interested Transmission Customers

Any Transmission Customer with rights or interests that would be materially affected by the outcome of an expedited dispute resolution proceeding may participate; *provided, however*, that a Transmission Customer seeking or supporting a change to the NYISO's determination regarding a Transmission Customer settlement challenge must have previously raised the issue in a settlement challenge consistent with the requirements of Section 7.2A.21a or Section 7.2A.32a of this ISO OATT Tariff. To participate, such Transmission Customer shall submit to the ISO Chief Financial Officer a written request to participate that meets the requirements for an initiating request for expedited dispute resolution within eleven (11) business days from the date that the ISO issues notice of the expedited dispute resolution

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proceeding. If the ISO determines that the Transmission Customer has met the requirements of this Section 7.2A.53c, the ISO will accept the Transmission Customer's request to participate in the dispute resolution proceeding.

7.2A.53d Selection of a Neutral

As soon as reasonably possible following the ISO's acceptance of a Transmission Customer's request for expedited dispute resolution under Section 7.2A.53b, the ISO shall appoint a neutral to preside over the proceeding by randomly selecting from a list (i) provided to the ISO by the American Arbitration Association or (ii) developed by the ISO with input from the appropriate stakeholder committee, until an available neutral is found. To the extent possible, the neutral shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues and the financial settlement of electric markets.

No person shall be eligible to act as a neutral who is a past or present officer, employee, or consultant to any of the disputing parties, or of an entity related to or affiliated with any of the disputing parties, or is otherwise interested in the matter in dispute except upon the express written consent of the parties. Any individual appointed as a neutral shall make known to the disputing parties

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any such disqualifying relationship or interest and a new neutral shall be appointed, unless express written consent is provided by each party.

7.2A.53e Conduct of the Expedited Dispute Resolution Proceeding

The neutral shall schedule the initial meeting of the disputing parties within five (5) business days of appointment. Except as otherwise provided in this Section 7.2A.35, the neutral shall have discretion over the conduct of the dispute resolution process including, but not limited to: (i) requiring the disputing parties to meet for discussion, (ii) allowing or requiring written submissions, (iii) establishing guidelines for such written submissions, and (iv) allowing the participation of Transmission Customers that have requested an opportunity to be heard.

Within sixty (60) days of the appointment of the neutral, if the dispute has not been resolved, the neutral shall provide the disputing parties with a written, confidential, and non-binding recommendation for resolving the dispute. The disputing parties shall then meet in an attempt to resolve the dispute in light of the neutral's recommendation. If the disputing parties have not resolved the dispute within ten (10) days of receipt of the neutral's recommendation, the dispute resolution process will be concluded.

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Neither the recommendation of the neutral, nor statements made by the neutral or any party, including the ISO, or their representatives, nor written submissions prepared for the dispute resolution process, shall be admissible for any purpose in any proceeding.

7.2A.53f Allocation of Costs

Each party to a dispute resolution proceeding shall be responsible for its own costs incurred during the process and for a pro rata share of the costs of a neutral.

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~~its review of a challenged invoice and may, at its discretion, review and correct any other elements and intervals of a challenged invoice. Corrections to a challenged invoice shall be applied to all Transmission Customers that were or~~

should have been affected by the original settlement and shall not be limited to the Transmission Customer challenging the

Substitute Original Sheet No. 89C

10.4 Applicability to Generators: The provisions on limitation of liability and damages, and on indemnification, set forth in Sections 10.2 and 10.3 shall be applicable to Generators acting in good faith to implement or comply with the directives of the Transmission Owner or the ISO.

10.5 ISO Cost Recovery: To the extent that the ISO is required to pay any money damages or compensation or pay amounts due to its indemnification of any other party, the ISO shall be allowed to recover any such amounts under Schedule 1 of this ISO OATT Tariff as part of the Administrative Charges.

10A.0 Back-up Operation

10A.1 Back-up Operation Procedures: The ISO shall develop Back-up Operation procedures that will carry out the intent and purposes of this ISO OATT Tariff, to the extent practical, ~~intaking into consideration~~ circumstances under which the normal communications or computer systems of the ISO are not fully functional. Such procedures shall include testing requirements and training for the ISO staff, Transmission Owner staff, and Market Participants.¹⁸ If a communication or computer systems malfunctions results in the ISO's inability to operate the NYCA in accordance with ~~the ISO's~~ Procedures or under approved testing procedures, the ISO will direct the Transmission Owners to assume the responsibility to operate their respective systems in accordance with Good Utility Practice to facilitate the operation of the NYCA in a safe and reliable manner (~~"Back-up Operation"~~).

Original Sheet No. 89D

The Transmission Owners will continue to operate their respective systems until such time that the ISO is ready to resume control. During Back-up Operation, the Transmission Owner control centers will operate to maintain the Desired Net Interchange ("DNI") within each Transmission District. Generator

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Bid curves will be provided by the ISO to the individual Transmission Owners in order to permit dispatch by the Transmission Owners subject to the Transmission Owner Code of Conduct. Normal Day-Ahead Market and Real-Time Market operations may be halted if required.

10A.2 Market Participant and Transmission Customer Obligations: During Back-up

¹⁸The current language contains a drafting error. The provision has been modified to be consistent with identical provisions in Sections 2.9 and 5.3 of the Services Tariff.

Operation, Transmission Customers and other Market Participants shall comply with any and all instructions and orders issued by the ISO or the Transmission Owners.

10A.3 Billing and Settlement: In the event that Back-up Operation is implemented, the billing and Settlement procedures contained in Article 7.0 of this ISO OATT shall apply only to the extent they can be implemented by the Back-up Operation procedures. The ISO will ~~develop and apply~~ follow specific as necessary modified billing and Settlement procedures ~~developed by the ISO~~ for use under these specific circumstances that required Back-up Operation. The ISO shall gather necessary information, manually reconstruct the billing information as soon as practical, and submit invoices to Transmission Customers. The ISO shall be under no obligation to comply with the billing procedure time limits specified in ~~Article~~ Section 7.0. Neither the ISO nor the Transmission Owners shall be liable, under any circumstances, for any economic losses suffered by any Transmission Customer, Market Participant,

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or third party, resulting from the implementation by the ISO of Back-up Operation or from compliance with orders issued by the ISO or Transmission Owners that were necessary to operate the NYCA in a safe and reliable manner. Such orders may include, without limitation, instructions to generation facilities to increase or decrease output, and instructions to Load to reduce or interrupt service.

10B.0 Emergency Notification: The ISO shall notify the Commission and the PSC when an Emergency State exists.

11.0 Creditworthiness

All Transmission Customers and applicants seeking to become Transmission Customers shall be subject to the creditworthiness requirements contained in Attachment W.

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Transmission System or on any other system(s) directly or indirectly interconnected with the NYS Transmission System, the ISO, consistent with Good Utility Practice, also may Curtail Network Integration Transmission Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. The ISO will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network Integration Transmission Service will be not unduly discriminatory relative to the Transmission Owners' use of the NYS Transmission System on behalf of its Native Load Customers. The ISO shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

34.0 Rates and Charges

Rates for Network Transmission Integration Service are provided for in Schedule 9 of this ~~ISO OATT~~Tariff. The billing of these charges will be performed pursuant to ~~Article~~Section 7.0 of this ~~ISO OATT~~Tariff.

34.1 Monthly Demand Charge:

[Reserved]

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~~34.2 Determination of Network Customer's Monthly Network Load:~~

[Reserved].

~~34.3 Determination of Transmission Owner's Monthly Transmission System Load:~~

[Reserved].

34.4 Redispatch Charge: The Network Customer shall pay redispatch costs in accordance with the provisions of Attachment J.

34.5 Stranded Cost Recovery: The Transmission Owners other than NYPA may seek to recover stranded costs from the Network Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, the Transmission Owners must separately file any proposal to recover stranded costs under Section 205 of the FPA. This provision shall not supersede or otherwise affect a Transmission Owner's right to recover stranded costs under other authority. To the extent that LIPA's rates for service are established by Long Island Power Authority's Board of Trustees pursuant to Article 5, Title 1-A of the New York Public Authorities Law, Sections 1020-f(u) and 1020-s and are not subject to FERC and/or PSC jurisdiction, LIPA's recovery of stranded costs will not be subject to the foregoing requirements.

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Upon filing of a proposal to recover stranded costs under the FPA, the Transmission Owner shall immediately provide the ISO with a copy of the appropriate rate schedule which will be incorporated as a new SIRC rate schedule under this Tariff, subject to refund as may be required by the Commission. The ISO shall collect such SIRC from Network Service Customers and remit the collected amounts to the applicable Transmission Owner(s). Any SIRC rate schedule developed by LIPA under this Tariff will be effective upon receipt by the ISO, subject to any applicable laws and orders.

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ATTACHMENT U

DECLARATION AND RECOVERY OF BAD DEBT LOSSES

The provisions of this Attachment U ~~of~~ ~~the~~ this ISO OATT shall apply to all bad debt losses recoverable under Rate Schedule 1 of the Services Tariff and Schedule 1 of ~~this ISO~~ this ISO OATT.

1.0 DECLARATION OF A BAD DEBT LOSS

Section 7.1B~~(ii)~~ of this ISO OATT requires Transmission Customers to pay monthly ~~settlement~~ invoices by the first ~~banking~~ Business Day ~~Day~~ common to all parties after the 15th day of the month in which the invoice is rendered by the ISO. At such time that the ISO's Chief Financial Officer concludes that the ISO does not reasonably expect payment in full from a defaulting Transmission Customer within an acceptable time period, then the ISO's Chief Financial Officer shall declare that such unpaid obligation is a bad debt loss that requires recovery by the ISO under Section 3 of Rate Schedule 1 of this ISO OATT,