

4.2.1 DMNC Test Periods

The DMNC Test Period for the Summer Capability Period is June 1st through September 15th and for the Winter Capability Period is November 1st through April 15th.

New Resources may qualify as Installed Capacity Suppliers at any time during a Capability Year based on the results of an appropriate demonstration test, production data, or Special Case Resource commitment. New generating Resources must temperature-adjust the results of the appropriate demonstration test or production data, using the procedures noted in Attachment D to this Manual.

To qualify as Installed Capacity Suppliers in any Installed Capacity auction administered by the ISO, new Resources shall submit to the NYISO the results of an appropriate demonstration test, production data or Special Case Resource commitment prescribed by this Manual by 5:00 PM at least ~~two-seven (27)~~ calendar days before the administration of the relevant auction. ~~provided, however, that Resources shall submit such results by 5:00 PM~~

~~on the Friday immediately preceding an auction when such auction is scheduled on a Monday.~~ For example, if the NYISO administers the auction on a Thursday, new Resources shall submit appropriate demonstration test, production data, or Special Case Resource commitment by 5:00 PM on the ~~Tuesday~~ Thursday preceding the auction. ~~If the NYISO administers an auction on Monday, new Resources shall submit such results by 5:00 PM on the Friday preceding the auction.~~

In addition to the submission of the results of an appropriate demonstration test or production data required by the previous paragraph, new generating Resources that want to participate in NYNYISO-administered auctions shall submit to the NYISO a notification letter if they do not already have, and will require, a point ID to participate in the NYISO market. The notification letter shall state the intention of the Resource to seek qualification as an Installed Capacity Supplier, and include the Resource's name, location, and other information as the NYISO may reasonably request. This letter does not oblige a Resource to qualify as an ICAP Supplier; it allows the NYISO to prepare and be able to accommodate a Resource should that Resource request qualification and submit appropriate demonstration test or production data shortly before an auction. A Resource shall submit the notification letter to the NYISO by the first business day of the month in which it wishes to qualify as an Installed Capacity Supplier.

To qualify Installed Capacity for a Bilateral Transaction or for a self-supplying LSE, new Resources shall submit to the NYISO the results of an appropriate demonstration test, production data or Special Case Resource commitment prescribed by this Manual by 5:00 PM at least ~~two-seven (27)~~ calendar days before the day LSEs must certify that they have procured sufficient Installed Capacity for the following Obligation Procurement Period (in this paragraph, the "Certification Day"). ~~provided, however, that Resources shall submit the results of an appropriate demonstration test, production data or Special Case Resource commitment prescribed by this Manual by 5:00 PM on the Friday immediately preceding the Certification Day when such Certification Day is a Monday.~~ For example, if the Certification Day is a Thursday, new Resources shall

submit appropriate demonstration test, production data or Special Case Resource commitment results by 5:00 PM on the ~~Tuesday-Thursday~~ preceding the Certification Day. ~~If the Certification Day is a Monday, new Resources shall submit such results by 5:00 PM on the Friday preceding the Certification Day.~~

Existing Resources that have increased Capacity due to changes in their generating equipment may demonstrate the DMNC of the incremental Capacity for and within a Capability Period by following the procedures described above for new Generators.

The NYISO's Market Monitoring Unit will verify the DMNC test data submitted by Suppliers against NYISO billing information and will notify the Supplier that the DMNC value as calculated from the test data is valid.

4.9.2 Allocation of Import Rights

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

Grandfathered External Installed Capacity Rights

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

Other Allocations

After accounting for Grandfathered External Installed Capacity rights, the NYISO will allocate the remaining rights for External Unforced Capacity supply on a first-come, first serve basis. Import Rights may ultimately only be used by LSEs located within the NYCA, but any NYISO Customer may submit a request and along with all required supporting documents ~~for seeking~~ External Installed Capacity rights.

Request

~~Initial~~ Requests for Import Rights for one or more months within a Capability Period may be sent to the NYISO during the following time period. ~~The NYISO will provide a request sheet~~ A request sheet is available at: http://www.nyiso.com/public/webdocs/products/icap/auctions/Winter-2005-2006/forms/icap_import_rights_fax_form.pdf ~~but~~ participants may use their own request sheet.

- Beginning at 8:00 AM ET
 - For Summer Capability Period: on the first business day following the publication of the total number of import rights made available by the NYISO (on or about February 15)
 - For Winter Capability Period: on the first business day not more than thirty (30) days prior to a Capability Period (strip) Auction, and
- Ending at 5:00 PM ET ~~three (3)~~ four (4) business days prior to a Capability Period Strip Auction.

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

If Import Rights are not fully subscribed after the Capability Period (strip) Auction has concluded, the NYISO will open another period of first-come, first-serve allocations prior to each Monthly Auction for the month or months in which Import Rights remain and the NYISO will post the available Import Rights after each subsequent auction.

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

- Beginning at 8:00 AM ET on the business day following the day the NYISO posts the results of each Capability Period (Strip) or Monthly Auction.
- Ending at 5:00 PM ET ~~three (3)~~four (4) business days prior to the next Monthly Auction.

Contents of Request

Each request must contain the following information:

1. The identity of the NYISO Customer making the request;
2. The identity of the External Installed Capacity Supplier;
3. The name and location of the Resource;
4. The Control Area in which the Resource for which the Installed Capacity Supplier seeks rights is located;
5. The MW amount requested, ~~is equal to the Installed Capacity Equivalent to support of~~ the Unforced Capacity sale to the NYCA from the Resource designated in (4) above. For example, a request for 90100 MW of Import Rights from a Resource UCAP was sold in NY from with a 10% EFORd asset then will support a UCAP sale of 90 MW a request must be submitted for 100 MW of Import Rights;
6. The time period, in blocks of whole months, for which the rights are requested;
7. E-mail address of the requesting party to which a response will be made.

The information listed above must be provided as a "Request for External Installed Capacity Import Rights" to the ISO's Manager of Auxiliary Market Operations via facsimile to the following number: 518-356-6208.

If the NYISO determines that the information provided in the request is incomplete or inadequate, the NYISO will immediately notify the requesting party. By 5:00 PM of the day on which requests are received, the NYISO will notify all requestors that have submitted a complete and adequate request for Import Rights of their priority.

Priority

Only complete requests submitted within the time periods specified above will be evaluated by the NYISO. The date and time stamp provided by the FAX machine will determine the priority for the evaluation of requests. If a request is resubmitted for any reason, the latest time stamp will determine its priority. Priority is assigned to each request and assumes that supporting documents are received by the NYISO within the time period set forth below. Late submissions of supporting documentation will result in the automatic rejection of the Import Rights request. The submission of incomplete or inadequate information does not alter the time frame in which such documents are due.

Supporting Documents

In addition, the requestor must submit documentation of the bilateral agreements for which External Capacity Import Rights are being requested, with pricing redacted, between a qualified External Installed Capacity Supplier or a marketer with a contract with a qualified External Installed Capacity Supplier and:

- (a) an LSE within the NYCA; or,
- (b) a marketer that is not an affiliate of the External Installed Capacity Supplier.

The supporting documentation of bilateral agreements must be received by 5:00 PM ET of the business day following the day in which the ~~initial~~ requests for Import Rights are submitted to the NYISO. ~~Late submissions of supporting documentation will result in the automatic rejection of the underlying Import Rights request.~~

If the NYISO determines that the information provided as supporting documentation is incomplete or inadequate, the NYISO will immediately notify the requesting party. The submission of incomplete or inadequate information does not alter the time frame in which such documents are due. For example, a requestor that has submitted incomplete or inadequate supporting documentation has until 5:00 PM ET of the business day following the day in which the requests for Import Rights are submitted to the NYISO to provide adequate and complete supporting documentation.

Response from the NYISO

~~The NYISO shall respond to requests for External Installed Capacity Import Rights in a timely fashion.~~ Upon receipt of supporting documentation of a bilateral transaction, the NYISO will respond by 5:00 PM ET of the second business day following the day in which the ~~initial~~ requests for Import Rights are submitted to the NYISO.

The NYISO will notify the requesting party if its request has been accepted or rejected, with reasons for rejection, if such be the case, within the time period specified above, following receipt of a complete request and supporting documentation. If accepted, the NYISO will provide a confirmation number. A rejection may be based on any of the following:

- Incomplete or inadequate information:
- Fully subscribed External Installed Capacity rights; ~~or,~~
- Late submission of supporting documentation of bilateral agreements; ~~or,~~
- Unqualified External Installed eCapacity Suppliers; or,
- The MW amount provided in the supporting documentation does not match the MW amount included in the Import Rights request.

If a request is rejected, the allocation of ICAP Import Rights proceeds using the assigned priorities as if that request had never been submitted.

Tally of Import Rights

The NYISO will maintain a tally of the available Import Rights for each month within a Capability Year and will post these figures on the NYISO web site (<http://www.nyiso.com/public/products/icap/index.jsp>).

Obligations of Recipients of Import Rights

If at any time, the NYISO has allocated all of the Import Rights that are available to permit the import of Installed Capacity from one or more control areas for one or more months, the NYISO will promptly issue an announcement to all Market Participants, alerting them to this fact. Recipients of these Import Rights will have until 12:00 PM ET two business days following the issuance by the NYISO of this announcement or until 5:00 PM ET on the last business day that precedes the beginning of the Capability Period (strip) auction by at least 15 days, if that is later, either to decide to keep these Import Rights, or to return these Import Rights to the NYISO. The NYISO may exhaust its supply of Import Rights for different Control Areas and different months at different times, so this deadline may differ from Control Area to Control Area within a month, and it may vary from month to month for a given Control Area.

Entities that had requested those Import Rights of the ISO, but which elect to return them to the NYISO prior to this deadline, will be under no further obligation associated with those Import Rights. Likewise, if the NYISO never makes such an announcement pertaining to Import Rights to import Installed Capacity from a given Control Area for a given month (because the NYISO never allocated all of the Import Rights that were available to permit the import of Installed Capacity from those Control Areas in those months), then the recipients of those Import Rights will be under no obligation to use those Import Rights to support the import of Installed Capacity to a New York LSE, nor will they be required to offer Installed Capacity into any NYISO-administered auctions. The NYISO will notify all Market Participants when Import Rights have been made available due to Import Rights that have been returned back to the NYISO from previously awarded Import Rights recipients. Any Import Rights that are returned to the NYISO shall be available for allocation to market participants or for use to support the purchase of Installed Capacity in NYISO-administered auctions, using the same procedures that are used for other Import Rights, as described elsewhere in this Manual.

Entities that elect not to return those Import Rights by the deadline described above after such an announcement is made, or entities that are allocated Import Rights to import Installed Capacity from a Control Area for a given month after such an announcement has been issued for that Control Area and that month by the NYISO, shall be able to demonstrate to the NYISO no later than the deadline for monthly certification, as provided by the applicable Capability Period on the Installed Capacity (ICAP) Market page of the NYISO web site (<http://www.nyiso.com/public/products/icap/index.jsp>), that they have used those Import Rights to support the import of Installed Capacity from the relevant Control Area into New York to meet the LSE Unforced Capacity Obligation of an LSE serving load in the NYCA. If, by that time, a holder of such Import Rights has neither sold that Installed Capacity using those Import Rights in an NYISO-administered auction nor has entered into a bilateral agreement to supply Installed Capacity to a New York LSE using those Import Rights, the associated Installed Capacity will be offered for sale into the ICAP Spot Market Auction as price taker, i.e., at a price of \$0/MW, and

the NYISO will not accept any other offers to sell Installed Capacity from other Suppliers located in the corresponding external Control Areas. The Supplier will be paid the market-clearing price determined in those auctions for the control area in which it is located for the Unforced Capacity in question.

External Installed Capacity Sales in NYISO Administered Auction

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

In the Capability Period Monthly Auctions held before and during the Capability Period, the NYISO shall limit the number of MW of Unforced Capacity that can be purchased in any External Control Area to the number of MW of Import Rights that the NYISO makes available for the Capability Period from that Control Area, less the number of MW of Unforced Capacity purchased in that External Control Area for that month in preceding Monthly Auctions and the Strip Auction, less all External Installed Capacity Rights that have been requested to support external Bilateral Transactions for that month.

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

5.5 Demand Curve and Adjustments

Three (3) ICAP Demand Curves have been established: one to determine the locational component of LSE Unforced Capacity Obligations for the New York City Locality, one to determine the locational component of LSE Unforced Capacity Obligations for the Long Island Locality and one to determine the total LSE Unforced Capacity Obligations for all LSEs serving load in the NYCA. Installed Capacity Demand Curves have been determined for the 2005/2006, 2006/2007 and 2007/2008 Capability Years and will be adjusted for subsequent three-year periods pursuant to the process set forth in the ISO Services Tariff and in accordance with Section 5.6, below.

Each ICAP Demand Curve is composed of 3 straight-line portions:

1. A horizontal line segment, consisting of all points for which the price of ICAP is equal to 1.5 times the estimated localized levelized cost per kW-month to develop a new gas turbine (the "Estimated GT Cost") in each Locality (for the ICAP Demand Curves for the New York City and Long Island Localities) or in the Rest-of-State region (for the NYCA ICAP Demand Curve), and for which the quantity of ICAP supplied is greater than or equal to zero but less than the quantity of ICAP supplied at the point where this segment intersects segment (2), which is described below.
2. A line segment with a negative slope, which is a portion of a line that passes through the following points:
 - (a) a point at which the amount of ICAP supplied is equal to the NYCA Minimum Installed Capacity Requirement (for the NYCA ICAP Demand Curve) or the Locational Minimum Installed Capacity Requirement (for the ICAP Demand Curves for the New York City and Long Island Localities), and the price of ICAP is equal to the monthly ICAP Reference Point price (as described below) for the NYCA or one of the Localities, as applicable; and
 - (b) a point at which the amount of ICAP supplied is set at the Zero Crossing Point, defined as the smallest quantity of Installed Capacity counting towards the NYCA Minimum Installed Capacity Requirement or a Locational Minimum Installed Capacity Requirement, as applicable, for which and the price of ICAP is zero.

The Demand Curves can be found on the NYISO web site at:

http://www.nyiso.com/services/documents/filings/jan_2005/attchmnt_IV_prpsd_icap_dmand_ervs_cpblty_yrs.pdf

The line segment which comprises this portion of the ICAP Demand Curve consists of all points on this line for which the quantity of ICAP supplied is greater than or equal to the quantity of ICAP supplied at the point where this segment intersects segment (1), but less than or equal to the Zero Crossing Point defined for the NYCA Minimum Installed Capacity Requirement or the Locational Minimum Installed Capacity Requirement, as applicable.

3. A horizontal line, consisting of all points for which the price of ICAP is zero, and for which the quantity of ICAP Supplied is greater than the Zero Crossing Point defined for the NYCA Installed Capacity Demand Curve or the Locational Installed Capacity Demand Curve, as applicable.

The horizontal portions of the ICAP Demand Curves therefore define maximum and minimum prices for ICAP in the Localities (in the case of the Locational ICAP Demand Curves) and for Installed Capacity in the Rest-of-State Region (in the case of the NYCA ICAP Demand Curve). The sloped portion of each Demand Curve permits the price of capacity to change as a function of the amount of Installed Capacity supplied, relative to each Minimum Installed Capacity Requirement.

The Demand Curves can be found on the NYISO web site at:

http://www.nyiso.com/services/documents/filings/jan_2005/attchmnt_IV_prpsd_icap_dmnd_crv_s_cpblty_yrs.pdf

The NYCA Minimum Installed Capacity Requirement is determined by the NYISO after the New York State Reliability Council sets the NYCA Installed Reserve Margin and the NYISO determines ~~the~~each Locational Minimum Installed Capacity Requirement (see Section 2 of this Manual for further explanation). The monthly ICAP Reference Point price for the NYCA and each Locality is based on the Annual Reference Value for that location, which is the Estimated GT Cost for the Rest-of-State region (in the case of the Annual Reference Value for the NYCA) or a Locality (in the case of the Annual Reference Value for a Locality) less an estimate of annual net revenue offsets from the sale of energy and ancillary services for the Rest-of-State region or a Locality, as appropriate¹. ~~The estimate of annual net revenue offsets for the Rest-of-State region used when deriving the 2005-06 through 2007-08 NYCA ICAP Demand Curves included a winter revenue benefit. The winter revenue benefit was intended to reflect the difference between (1) the ratio of the amount of ICAP the ISO anticipated would be supplied to New York capacity markets during the winter to the amount of ICAP supplied to those markets during the summer, and (2) the ratio of winter to summer DMNCs reported in the NYISO's annual Load and Capacity Data, and the impact of that difference on anticipated ICAP prices during the winter Capability Period.~~ Since the Annual Reference Value is based on generator ratings using an average annual temperature (59 degrees Fahrenheit, per International Standards Organization (ISO) standards), each monthly ICAP Reference Point price calculation shall include adjustments to take seasonal effects on the amount of UCAP that can be supplied, as well as the price of UCAP, into account.

¹ The estimate of annual net revenue offsets for the Rest-of-State region used when deriving the 2005-06 through 2007-08 NYCA ICAP Demand Curves included a winter revenue benefit. The winter revenue benefit was intended to reflect the difference between (1) the ratio of the amount of ICAP the ISO anticipated would be supplied to New York capacity markets during the winter to the amount of ICAP supplied to those markets during the summer, and (2) the ratio of winter to summer DMNCs reported in the NYISO's annual Load and Capacity Data, and the impact of that difference on anticipated ICAP prices during the winter Capability Period.

Each monthly ICAP Reference Point price is set to the level that would permit a GT to be paid an amount over the course of the year that is equal to the Annual Reference Value, given the following assumptions:

- Each summer month's revenue is equal to the product of the Summer DMNC of a GT and the monthly ICAP Reference Point price for the NYCA or a Locality, as appropriate.
- Each winter month's revenue is equal to the product of the Winter DMNC of a GT and an assumed Winter ICAP price for the NYCA or a Locality, as appropriate, calculated as:

$$WP_i = RP_i \cdot \left(1 - \frac{WSR_i - 1}{ZCPR_i - 1}\right)$$

where:

WP_i = the assumed winter ICAP price for location i ;

RP_i = the monthly ICAP Reference Point price for location i ;

$ZCPR_i$ = the ratio of the Zero Crossing Point defined for the NYCA Minimum Installed Capacity Requirement to the NYCA Minimum Installed Capacity Requirement, if i is the NYCA, or the ratio of the Zero Crossing Point defined for a Locational Minimum Installed Capacity Requirement to that Locational Minimum Installed Capacity Requirement, if i is a Locality; and

WSR_i = the ratio of the sum of winter DMNCs of ICAP providers in location i to the sum of summer DMNCs of ICAP providers in location i , using the most recent ratio of winter-to-summer DMNCs that is available from the NYCA market as reported in the annual Load and Capacity Data and posted at the time of the periodic review in the Planning section of the NYISO website (<http://www.nyiso.com/services/planning.html>).

Consequently:

$$RP_i = \frac{ARV_i \cdot \frac{AssmdCap_i}{SDMNC_i}}{6 \cdot \left[1 + \frac{WDMNC_i}{SDMNC_i} \cdot \left(1 - \frac{WSR_i - 1}{ZCPR_i - 1}\right)\right]}$$

where:

ARV_i = the Annual Reference Value for location i ;

AssmdCap_i = the capacity assumed for a GT in location i when calculating Annual Reference Values;

SDMNC_i = the summer DMNC assumed for a new GT in location i at 90 degrees F;

WDMNC_i = the winter DMNC assumed for a new GT in location i at 2025 degrees F;

and all other variables are as defined above.

When calculating the ICAP Demand Curves for the 2005-06 through 2007-08 Capability Years, the ISO used the following values for SDMNC_i, WDMNC_i, AssmdCap_i, and WSR_i:

SDMNC_i = 293 MW, if i is the NYCA, and 83.7 MW, if i is the New York City or Long Island Locality.

WDMNC_i = 351.6 MW, if i is the NYCA, and 97.7 MW, if i is the New York City or Long Island Locality.

AssmdCap_i = 326.4 MW, if i is the NYCA, and 96 MW, if i is the New York City or Long Island Locality.

WSR_i = 1.037 MW, if i is the NYCA, and 1.063 MW, if i is the New York City or Long Island Locality.

The estimate of annual net revenue offsets for the Rest of State region used when deriving the 2005-06 through 2007-08 NYCA ICAP Demand Curves included a winter revenue benefit. The winter revenue benefit was intended to reflect the difference between (1) the ratio of the amount of ICAP the ISO anticipated would be supplied to New York capacity markets during the winter to the amount of ICAP supplied to those markets during the summer, and (2) the ratio of winter to summer DMNCs reported in the NYISO's annual Load and Capacity Data, and the impact of that difference on anticipated ICAP prices during the winter Capability Period.

Monthly ICAP Reference prices and Zero Crossing Points for the Installed Capacity Demand Curves for the 2005/2006, 2006/2007 and 2007/2008 Capability Years for the NYCA and each Locality are given in the following table; Three (3) ICAP Demand Curves will be established: one to determine the locational component of LSE Unforced Capacity Obligations for the New York City Locality, one to determine the locational component of LSE Unforced Capacity Obligations for the Long Island Locality and one to determine the total LSE Unforced Capacity Obligations for all LSEs. Each ICAP Demand Curve is set based upon the localized, levelized cost of a gas turbine at the NYCA Minimum Installed Capacity Requirement or the Locational Minimum Installed Capacity Requirement, as applicable and associated Energy and Ancillary Services revenues. The ICAP Demand Curves will be phased in over three (3) Capability Years beginning in 2003. Each ICAP Demand Curve shall be established within the following fixed, annual ICAP parameters, which shall be translated to dollars per kilowatt-year of Unforced Capacity basis.

	<u>Capability Year</u> 5/1/2005 to 4/30/2006	<u>Capability Year</u> 5/1/2006 to 4/30/2007	<u>Capability Year</u> 5/1/2007 to 4/30/2008
<u>NYCA</u>	<u>\$6.786.88 @</u> <u>100%</u> <u>\$0.00 @ 112%</u>	<u>\$6.987.09 @</u> <u>100%</u> <u>\$0.00 @ 112%</u>	<u>\$7.197.30 @</u> <u>100%</u> <u>\$0.00 @ 112%</u>
<u>NYC</u>	<u>\$13.7013.92 @</u> <u>100%</u> <u>\$0.00 @ 118%</u>	<u>\$14.114.34 @</u> <u>100%</u> <u>\$0.00 @ 118%</u>	<u>\$14.5414.77 @</u> <u>100%</u> <u>\$0.00 @ 118%</u>
<u>LI</u>	<u>\$12.5212.74 @</u> <u>100%</u> <u>\$0.00 @ 118%</u>	<u>\$12.9013.12 @</u> <u>100%</u> <u>\$0.00 @ 118%</u>	<u>\$13.2813.52 @</u> <u>100%</u> <u>\$0.00 @ 118%</u>

	Year 1 (Ends April 30, 2004)	Year 2 (Begins May 1, 2004)
	\$/kW-year of ICAP	\$/kW-year of ICAP
Total	\$56.24 @ 100%	\$67.49 @ 100%
	\$0.00 @ 112%	\$0.00 @ 112%
LI	\$104.37 @ 100%	\$123.94 @ 100%
	\$0.00 @ 118%	\$0.00 @ 118%
NYC	\$127.89 @ 100%	\$151.14 @ 100%
	\$0.00 @ 118%	\$0.00 @ 118%
NOTE: All percentages are in terms of the applicable NYCA Minimum Installed Capacity Requirement and Locational Minimum Installed Capacity Requirement.		
NOTE: All annual dollar values will be translated into monthly values by dividing by twelve (12) and rounding to the nearest cent.		
NOTE: The ICAP Demand Curves for each monthly ICAP Spot Market Auction are posted under the applicable Capability Period on the NYISO web site at http://www.nyiso.com/public/products/icap/index.jsp .		

Quantities on each of these ICAP Demand Curves are stated in terms of amounts of ICAP supplied and prices are stated in terms of dollars per kW-month of ICAP supplied, but the metric actually used in the ICAP market is UCAP. Therefore, each of these ICAP Demand Curves must be translated into UCAP Demand Curves, so that quantities are stated in terms of UCAP supplied and prices are stated in terms of dollars per kW-month of UCAP supplied. This translation will be performed as follows: Before the beginning of each Capability Period, the ISO will calculate an ICAP-to-UCAP translation factor for each ICAP Demand Curve, equal to one minus the average value of the six (6) most recent 12-month rolling average EFORDs

calculated for all resources in the NYCA (in the case of the ICAP Demand Curve for the NYCA) or in a Locality (in the case of the ICAP Demand Curve for that Locality). Each price on each ICAP Demand Curve shall then be converted into a price on the corresponding UCAP Demand Curve by dividing it by one minus the ICAP-to-UCAP translation factor calculated for that ICAP Demand Curve. Each quantity on each ICAP Demand Curve shall be converted into a quantity on the corresponding UCAP Demand Curve by multiplying it by one minus the ICAP-to-UCAP translation factor calculated for that ICAP Demand Curve.

~~In the third year, the costs assigned by the ICAP Demand Curves to the NYCA Minimum Installed Capacity Requirement and each of the Locational Minimum Installed Capacity Requirements will be defined by the results of the independent review conducted pursuant to this Section. The respective point at which each Demand Curve crosses zero, expressed in terms of a percentage of the NYCA Minimum Installed Capacity Requirement or each of the Locational Minimum Installed Capacity Requirements, as applicable, will be fixed through the 2005/2006 Capability Year. These dollar figures will also be translated each year to dollars per kilowatt year of Unforced Capacity.~~

5.6 Periodic Independent Review

An independent review of the ICAP Demand Curves will be performed every three (3) years to determine whether the parameters of the ICAP Demand Curves should be adjusted in accordance with the ISO Services Tariff. Among other criteria, the review will determine the current localized levelized embedded cost of gas turbines in each NYCA Locality and the Rest of State and associated Energy and Ancillary Services revenues.

Each periodic independent review, which will include stakeholder input, will be completed by September 1 in time to determine the ICAP Demand Curves to be applied for the three subsequent Capability Years.

Once the independent review is received, it shall be provided to stakeholders and the New York State Public Service Commission ("PSC"), who shall be given an opportunity to provide input to the NYISO concerning the review. Upon consideration of each review and input thereon from stakeholders and the PSC, but prior to NYISO Board approval, the NYISO shall issue three (3) proposed ICAP Demand Curves.

Any stakeholder, including the PSC, shall have thirty (30) days within which to request an opportunity to provide the NYISO Board with supplemental information for its consideration when acting on the proposed ICAP Demand Curves. Upon receipt of such a request, a NYISO Board subcommittee shall be convened, upon notice to all parties, to review filed information and to hear oral arguments on the issues that have been raised.

After considering the proposed ICAP Demand Curves and any comments related thereto, the NYISO Board shall issue three (3) final ICAP Demand Curves and shall file them for approval at FERC. Once the ICAP Demand Curves have been approved by FERC, they shall remain binding for the 3-year period until the next review, absent exigent circumstances. ~~Except as provided in the previous Section, a periodic independent review of the ICAP Demand Curves will be performed every three (3) years to determine whether the parameters of the ICAP Demand Curves should be adjusted. Among other criteria, the review will determine the current~~

~~localized levelized embedded cost of gas turbines in each NYCA Locality and the Rest of State and associated Energy and Ancillary Services revenues.~~

~~Each periodic independent review, which will include stakeholder input, will be completed by November 1 for the subsequent Capability Year, except the first periodic independent review, which will be concluded by December 31, 2004. The first periodic review will be initiated immediately following the Summer 2003 Capability Period, and the recommendations will be received not later than December 31, 2004 in time to determine the ICAP Demand Curves to be applied for the 2005-2006 Capability Year.~~

~~Once these recommendations are received, they shall be issued to stakeholders and the New York State Public Service Commission ("PSC"), who shall be given an opportunity to provide input to the NYISO concerning the review. Upon consideration of each review and input thereon from stakeholders and the PSC, but prior to NYISO Board approval, the NYISO shall issue three (3) proposed ICAP Demand Curves.~~

~~Any stakeholder, including the PSC, shall have thirty (30) days within which to request an opportunity to provide the NYISO Board with supplemental information for its consideration when acting on the proposed ICAP Demand Curves. Upon receipt of such a request, a NYISO Board subcommittee shall be convened, upon notice to all parties, to review filed information and to hear oral arguments on the issues that have been raised.~~

~~After considering the proposed ICAP Demand Curves and any comments related thereto, the NYISO Board shall issue three (3) final ICAP Demand Curves and shall file them for approval at FERC. Once the ICAP Demand Curves have been approved by FERC, they shall remain binding for the 3-year period until the next review, absent exigent circumstances.~~