

successful challenge to a Completed Settlement Component from the appropriate Customers; *provided however*, that the ISO may recover *de minimus* amounts or amounts that the ISO is unable to collect from individual Customers through Rate Schedule 1 of the Services Tariff.

If the ISO determines that corrections or adjustments to a challenged Completed Settlement Component may be necessary and can quantify the corrections or adjustments with reasonable certainty, the ISO shall provide all affected Customers with the details of the potential adjustment and shall provide a period of thirty (30) calendar days for affected Customers to review the potential corrections or adjustments and provide comment to the ISO. After the Customer comment period, the ISO shall make any final corrections or adjustments that are necessary and shall issue a close-out Settlement (“Close-Out Settlement”), clearly identified as such in the next monthly billing invoice. Close-Out Settlements shall not be subject to further challenge by Customers.

~~7.3 — Customer Default: In the event the Transmission Customer fails for any reason to make payment to the ISO on or before the due date as described above, and~~

7.3 Customer Default

- A. A Transmission Customer shall be in default, upon written such failure of payment is not corrected within thirty (30) calendar days after the ISO notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, the ISO may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission approves such request. In addition, in the event of a default, the ISO may elect to institute debt notice from the ISO, in the event that: (i) the Transmission Customer fails to timely make a payment due to the ISO, regardless of whether such payment obligation is in dispute, or (ii) the Transmission Customer fails to comply with the ISO's creditworthiness requirements. In the event of a billing dispute between the ISO and the Transmission Customer, the ISO will continue to provide service under the Service Agreement as long as the Transmission Customer continues to make all payments.
- B. A Transmission Customer shall have two (2) business days to cure a default resulting from its failure to timely make a payment due to the ISO. A Transmission Customer shall have three (3) business days to cure a default resulting from its failure to comply with the ISO's creditworthiness requirements.
- C. Upon an event of default and expiration of the relevant cure period, the ISO may terminate service to a Transmission Customer immediately upon notice to the Commission. In addition, in the event of a default, the ISO may pursue other remedies available hereunder or pursuant to law or in equity, including initiating debt collection procedures on behalf of the ISO Clearing Account. The process for declaring and recovering bad debt losses is set forth in Attachment U to this OATT.

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D. The ISO shall notify all Transmission Customers in the event that a Transmission Customer is in default and shall also notify all Transmission Customers in the event that the Transmission Customer subsequently cures the default or the ISO terminates the Transmission Customer due to the default.

~~collection procedures on behalf of the ISO Clearing Account. The process for declaring and recovering bad debt losses is set forth in Attachment U to this OATT. In the event of a billing dispute between the ISO and the Transmission Customer, the ISO will continue to provide service under the Service Agreement as long as the Transmission Customer continues to make all payments. If the Transmission Customer fails to meet this requirement for continuation of service, then the ISO may provide notice to the Transmission Customer of its intention to suspend service on sixty (60) days prior notice.~~

7.3A Stranded Costs: The Transmission Owners other than NYPA may seek to recover stranded costs from the Transmission Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in Commission 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 LIPA'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 Commission and/or PSC jurisdiction, LIPA's recovery of stranded costs

will not be subject to the foregoing requirements.

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or third party, resulting from the implementation by the ISO of Back-up Operation or 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. For the purpose of determining the ability of the Transmission Customer to meet its obligations related to service hereunder, the ISO shall require reasonable credit review procedures. This review shall be made in accordance with standard commercial practices. In addition, the ISO may require the Transmission Customer to provide and maintain in effect during the term of the Service Agreement, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under this Tariff, or an alternative form of security proposed by the Transmission Customer and acceptable to the ISO and consistent with commercial practices established by the Uniform Commercial Code that protects the ISO against the risk of non-payment.~~

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~~Any service hereunder may be terminated on sixty (60) days prior notice by the ISO prior to, or any time after, the commencement of the service if the Transmission Customer fails to, or can no longer, demonstrate its creditworthiness. Each Transmission Customer shall be responsible for providing the information specified in this Section. Each Transmission Customer will be considered creditworthy if: (i) the Transmission Customer's long term unsecured debt securities are, and remain, rated a minimum of BBB or Baa2 by Standard & Poor's or Moody's, respectively; (ii) the Transmission Customer either prepays for service or provides an irrevocable standby letter of credit issued by a domestic or Canadian bank with a minimum A (Standard & Poor's or Dominion), or A2 (Moody's) long term unsecured debt rating, for an amount equal to the estimated sum of charges pursuant to Section 7 for the highest three (3) individual months over rolling twelve month periods and, in addition, the amount required pursuant to Section 11.1; (iii) the Transmission Customer has, as determined by the ISO in its reasonable discretion, a qualified long term payment history with the ISO or an individual Transmission Owner; or (iv) the Transmission Customer's parent company, in a form satisfactory to the ISO, guarantees responsibility for all financial obligation associated with services and responsibilities hereunder and such parent company conforms to the minimum ratings specified above.~~

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~~**11.1—Credit Requirements Applicable to TCCs**~~

~~Unless otherwise considered creditworthy pursuant to Section 11.0 of the ISO Services Tariff, Customers bidding to purchase TCCs and Primary Holders of TCCs must satisfy the creditworthiness requirements contained in this Section 11.1.~~

~~**11.1.1. Collateral Required to Bid on TCCs**~~

~~**A.—Positive Bids**~~

~~In order to be eligible to submit a Bid with a positive value to purchase a TCC in an Auction, a Customer must provide credit support prior to the commencement of the auction in an amount equal to the full amount of the Bid.~~

~~**B.—Negative Bids on TCCs**~~

~~Credit support is not required in order for a Customer to be eligible to submit a Bid with a negative value to purchase a TCC in an Auction.~~

~~**11.1.2. Collateral Required for Primary Holders of TCCs**~~

~~To be a Primary Holder of a TCC, a Customer must provide collateral in an amount equal to the greater of 11.1.2.A. or 11.1.2.B., below:~~

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FERC Electric Tariff
Original Volume No. 1

First Revised Sheet No. 92.02
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~~A. The amount of the Primary Holder's total portfolio collateral requirement based on the clearing prices of each TCC in the portfolio as determined by the~~

following formula:

$$\frac{\sum_{n \in N} \{IAC_n\}}$$

where: ~~IAC = the initial amount of collateral required based on the Auction clearing price of TCC_n, which shall be 100% of the clearing price of a one month TCC with a positive market clearing price, 50% of the clearing price of a six month TCC with a positive market clearing price, 25% of the clearing price of a twelve month or longer TCC with a positive market clearing price, and 100% of the absolute value of the Auction clearing price of a TCC with a negative market clearing price~~
~~N = the set of unexpired TCCs held by the Primary Holder.~~

~~B. The projected amount of the Primary Holder's payment obligation to the NYISO, if any, considering the net mark to market value of all TCCs in the Primary Holder's portfolio as defined for these purposes according to the formula below:~~

$$\frac{\sum_{n \in N} \left\{ \frac{NAP_n}{3} \times RM_n \right\}}$$

where: ~~NAP = the net amount of Congestion Rents (positive or negative) between the POI and POW composing each TCC_n during the previous three months~~
~~RM = the remaining number of months in the life of TCC_n; provided, however, in the case of Grandfathered TCCs, RM shall equal the original number of months in the life of the longest duration TCC sold in a NYISO administered Auction then outstanding~~
~~N = the set of TCCs held by the Primary Holder.~~

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~~8.5.3. Monitoring of TCC Collateral Requirements~~

~~The NYISO shall review each Primary Holder's TCC portfolio at least once per month to determine whether an adjustment to the amount of collateral provided by the Primary Holder is required in accordance with the formulae above.~~

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11A.0 List of Affiliates and/or Parent Company

A Transmission Customer taking service under the Tariff shall provide the ISO, upon application for service, with a list identifying its parent company as well as any Affiliates. The Transmission Customer shall notify the ISO within 30 days of the effective date of any change to the original list. Any Transmission Customer shall respond within 10 days, to a request by the ISO to update the list of Affiliates and/or parent company. In addition, a Transmission Customer and an applicant seeking to become a Transmission Customer shall inform the ISO of any Affiliates that are currently taking service or applying to take service under the Tariffs.

12.0 Dispute Resolution Procedures

12.1 Internal Dispute Resolution Procedures: Any dispute between a Transmission Customer and the ISO involving Transmission Service under the Tariff (excluding applications for rate changes or other changes to this Tariff, or to any Service Agreement entered into under this Tariff, which shall be presented directly to the Commission for resolution) or ISO Procedures shall be referred to a designated senior representative of the ISO and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days or such other period as the parties may agree upon by mutual agreement, such dispute may be submitted to the Dispute Resolutions

~~000~~, issued March ~~1431~~, 200~~20~~, 9~~80~~ FERC ¶ 61,~~282352~~ (200~~20~~).

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15.6 Other Transmission Service Schedules: Eligible Customers receiving Transmission Service under other agreements on file with the Commission may continue to receive Transmission Service under those agreements until such time as those agreements may be modified by the Commission. These agreements are listed in Attachment L.

15.7 Real Power Losses: Real Power Losses are associated with all Transmission Service. The Transmission Customer is responsible for losses associated with all Transmission Service in accordance with Schedules 7-8 and as calculated in Attachment J.

16.0 Transmission Customer Responsibilities

16.1 Conditions Required of Transmission Customers: Point-To-Point

Transmission Service shall be provided by the ISO only if the following conditions are satisfied by the Transmission Customer:

- a. The Transmission Customer has pending a Completed Application for service;
- b. The Transmission Customer meets the creditworthiness criteria set forth in Section 11.0 Attachment W;
- c. The Transmission Customer provides an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under the Tariff in an amount calculated by the ISO.