

the ISO exclusively from Transmission Customers in Load Zone J. The ISO shall calculate Storm Watch Costs by multiplying the real-time Shadow Price of any binding constraint associated with a Storm Watch, by the higher of (a) zero; or (b) the scheduled Day-Ahead flow across the constraint minus the actual real-time flow across the constraint.

4.1.7a Incremental Cost Recovery for Units Responding to Local Reliability Rule I-R3 or I-R5

Generating units designated pursuant to the New York State Reliability Council's Local Reliability Rule I-R3 -- Loss of Generator Gas Supply (New York City) or I-R5 -- Loss of Generator Gas Supply (Long Island), as being required to burn an alternate fuel at designated minimum levels based on forecast Load levels in Load Zones J and K (for purposes of this section 4.1.7a, "eligible units"), shall be eligible to recover the variable operating costs associated with burning the required alternate fuel pursuant to the provisions of this section 4.1.7a. For purposes of this section 4.1.7a, the periods of time for which Consolidated Edison invokes Local Reliability Rule I-R3 or LIPA invokes Local Reliability Rule I-R3~~5~~ and in which the eligible unit burns its required alternate fuel, including that period of time required to move into and out of Rule I-R3 or I-R5 compliance, shall be referred to as the "eEligibility pPeriod." For eEligibility pPeriods, the eligible unit shall recover its variable operating costs associated with burning the required alternate fuel if and to the extent that such variable operating costs are not reflected in the reference level for that unit for the hours included in the eEligibility pPeriod, pursuant to ISO procedures. To be Rrecoverable, variable operating costs associated with burning the required alternate fuel must be incurred are those which during an Eligibility Period and must be incurred only because, but for Local Reliability Rule I-R3 or I-R5 was having been invoked, would not have been incurred. ~~Eligible units shall not recover variable operating costs~~

~~associated with burning their required alternate fuel for amounts of alternate fuel that exceed the required minimum amount of the alternate fuel as is stated in the appropriate ISO approved Transmission Owner's procedures for implementing Rule I-R3 Rules for determining: i) variable operating costs associated with burning the required alternate fuel that would not have been incurred but for the requirement to burn the required alternate fuel as established by Local Reliability Rules I-R3 and I-R5; and ii) Eligibility Periods shall be specified in ISO Procedures.~~

Payments made by the ISO to the eligible unit to reimburse the variable operating costs paid pursuant to this section 4.1.7a shall be in addition to any LBMP, Ancillary Service or other revenues received as a result of the eligible unit's Day-Ahead or Real-Time dispatch for that day.

There shall be no recovery of costs pursuant to this section 4.1.7a for any hour for which the indexed variable operating costs of the required alternate fuel that is being burned pursuant to Rule I-R3 or I-R5 is less than the indexed variable operating costs for natural gas, as determined by the ISO.

The ISO shall make available for the Transmission Owner in whose subzone the Generator is located: (i) the identity of Generators determined by the ISO to be eligible to recover the variable operating costs associated with burning the required alternate fuel pursuant to the provisions of this section; (ii) the start and stop hours for each claimed Eligibility Period and iii) the amount of alternative fuel claimed as recoverable.

4.2 Day-Ahead Markets and Schedules

4.2.1 Pre-Scheduled Transaction Requests

Pre-Scheduled Transaction Requests shall be submitted, pursuant to ISO Procedures, no earlier than eighteen (18) months prior to the Dispatch Day, and shall include hourly Transaction quantities (in MW) at each affected External Interface for each specified Dispatch Day.

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Notwithstanding any applicable provisions of this Tariff or of the ISO Services Tariff, the ISO may supply to NERC the name of any LSE failing to pay any amounts due to NERC and the amounts not paid.

6. Payments Made To Generators Pursuant to Incremental Cost Recovery for Units

Responding to Local Reliability Rules I-R3 and I-R5.

Amounts paid to Suppliers, pursuant to the Incremental Cost Recovery for Units Responding to Local Reliability Rules I-R3 and I-R5, shall be recovered from Load in the Transmission District of the Supplier being paid, other than Load scheduled by a Transmission Customer taking service under Part IV of the OATT to supply Station Power as a third party provider, on the basis of each LSE's contribution to the Load in the ~~month~~day the payment obligation is incurred.

3. ISO Costs

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

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

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