

- 1.3 Application:** A request by an Eligible Customer for Transmission Service pursuant to the provisions of this Tariff.
- 1.3a Automatic Generation Control (“AGC”):** The automatic regulation of the power output of electric generating facilities within a prescribed range in response to a change in system frequency, or tie-line loading, to maintain system frequency or scheduled interchange with other areas within predetermined limits.
- 1.3a.1 Auction Constraint Residual:** The dollar value associated with a Constraint that is binding for a stage 1 round of a sub-auction of a Centralized TCC Auction in which TCCs with a duration of 6 months are sold or that is binding for a Reconfiguration Auction, which is calculated pursuant to Section 3.6.1 of Attachment N.
- 1.3a.2 Auction Shortfall Charge:** The charge assessed to a Transmission Owner that is responsible for a transmission facility outage or derating or a transmission facility return-to-service or uprating that contributes to a decrease in an Auction Constraint Residual.
- 1.3a.3 Auction Surplus Payment:** The payment allocated to a Transmission Owner that is responsible for a transmission facility return-to-service or uprating or transmission facility outage or derating that contributes to an increase in an Auction Constraint Residual.
- 1.3b Availability:** A measure of time that a generating facility, transmission line or other facility is or was capable of providing service, whether or not it actually is in-service.
- 1.3c Available Generating Capacity:** Generating Capacity that is on line to serve Load and/or provide Ancillary Services, or is capable of initiating start-up for the purpose of serving Transmission Customers or providing Ancillary Services, within thirty (30) minutes.
- 1.3c.1 Available Reserves:** For purposes of determining the Real-Time Locational Based Marginal Price in any Real-Time Dispatch interval: the capability of all Suppliers that submit Energy Bids to provide Spinning Reserves, Non-Synchronized 10-Minute Reserves, and 30-Minute Reserves in that interval, and in the relevant location, and the quantity of recallable external ICAP energy sales in that interval.

1.3d Available Transfer Capability (“ATC”): A measure of the Transfer Capability remaining in the physical transmission network for further commercial activity over and above already committed uses. ATC is defined as the Total Transfer Capability, less Transmission Reliability Margin, less the sum of existing transmission commitments, (which includes retail customer service) less the Capacity Benefit Margin. The amount reserved to support existing transmission commitments is defined in the Existing Transmission Agreements and Existing Transmission Capacity for Native Load in Attachment L.

1.3d1 Back-Up Operation: See 10A.0 infra.

1.3e Reserved for future use.

February 11, 2004, 106 FERC ¶ 61,111 (2004).

- 1.3f Base Point Signals:** Electronic signals sent from the ISO and ultimately received by Generators specifying the scheduled MW output for the Generator. Real-Time Dispatch (“RTD”) Base Point Signals are typically sent to Generators on a nominal five (5) minute basis. AGC Base Point Signals are typically sent to Generators on a nominal six (6) second basis.
- 1.3f.1 Basis Amount:** The greatest amount owed to the ISO for purchases of Energy and Ancillary Services in any month during the Prior Equivalent Capability Period, as adjusted by the ISO to reflect material changes in the extent of the Customer’s participation in the ISO-administered Energy and Ancillary Services Markets.
- 1.3f.2 Basis Month:** The month during the Prior Equivalent Capability Period in which the amount owed by the Customer for Energy and Ancillary Services was greatest.
- 1.3g Bid/Post System:** An electronic information system used to allow the posting of proposed transmission schedules and Bids for Energy and Ancillary Services by Market Participants for use by the ISO and to allow the ISO to post Locational Based Marginal Prices and schedules.
- 1.3h Bid:** Offer to purchase and/or sell Energy, Demand Reductions, Transmission Congestion Contracts and/or Ancillary Services at a specified price that is duly submitted to the ISO pursuant to ISO Procedures.
- 1.3h.1 Bid Component:** A component of the Operating Requirement, calculated in accordance with Article III of Attachment W.
- 1.3i Bid Price:** The price at which the Supplier offering the Bid is prepared to provide the product or service, or the buyer offering the Bid is willing to pay to receive such product or service.
- 1.3j Bid Production Cost:** Total cost of the Generators required to meet Load and reliability Constraints based upon Bids corresponding to the usual measures of Generator production cost (e.g., running and Minimum Generation Bid, and Start-Up Bid).

- 1.3m Business Issues Committee:** A standing committee of the ISO created pursuant to the ISO Agreement to establish rules related to business issues and provide a forum for discussion of those rules and issues.
- 1.3n Capability Period:** Six-month periods which are established as follows: (1) from May 1 through October 31 of each year (“Summer Capability Period”); and (2) from November 1 of each year through April 30 of the following year (“Winter Capability Period”); or such other periods as may be determined by the Operating Committee of the ISO. A Summer Capability Period followed by a Winter Capability Period shall be referred to as a “Capability Year”. Each Capability Period shall consist of On-Peak and Off-Peak periods.
- 1.3o Capacity:** The capability to generate or transmit electrical power, measured in megawatts (“MW”).
- 1.3p Capacity Benefit Margin (“CBM”):** That amount of Total Transfer Capability reserved by the ISO on the NYS Transmission System to ensure access to generation from interconnected systems to meet generation reliability requirements.
- 1.3q Capacity Reservation Cap:** The maximum percentage of transmission Capacity from a Transmission Owner’s sets of ETCNL that may be converted into ETCNL TCCs or the maximum percentage of a Transmission Owner’s RCRRs that may be converted into RCRR TCCs, as the case may be, as established by the ISO pursuant to Section 5.3 of Attachment M.
- 1.3r Centralized Transmission Congestion Contracts (“TCC”) Auction (“Auction”):** The process by which TCCs are released for sale for the Centralized TCC Auction Period, through a bidding process administered by the ISO or an auctioneer.
- 1.3s Centralized TCC Auction Period (“Auction Period”):** The period equal to one or more whole Capability Periods, determined by the ISO, for which the award of TCCs in the Auction is valid.
- 1.3t** Reserved for Future Use.

- 1.5e.2 Congestion Surplus Payment:** The payment allocated to a Transmission Owner that is responsible for a transmission facility return-to-service or uprating or a transmission facility outage or derating that contributes to an increase in a Constraint Residual.
- 1.5f Constraint:** An upper or lower limit placed on a variable or set of variables that are used by the ISO in its SCUC, RTC or RTD programs to control and/or facilitate the operation of the NYS Transmission Systems.
- 1.5f.1 Constraint Residual:** The dollar value associated with a Constraint that is binding for an hour of the Day-Ahead Market, which is calculated pursuant to Section 2.4.1 of Attachment N.

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scheduled ahead of time and can be changed only manually in real-time.

- 1.9b Developer:** An Eligible Customer developing a generation project larger than 10 megawatts, or a merchant transmission project, proposing to connect to the New York State Transmission System, in compliance with the NYISO Minimum Interconnection Standard.
- 1.10 Direct Assignment Facilities:** Facilities or portions of facilities that are constructed by the Transmission Owner(s) for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.
- 1.10a Direct Sale:** The sale of TCCs directly to a buyer by the Primary Owner through a non-discriminatory auditable sale conducted on the ISO's OASIS, in compliance with the requirements and restrictions set forth in Commission Orders 888 et seq. and 889 et seq.
- 1.10b Dispatchable:** A bidding mode in which Generators or, the extent that the ISO's software can support their provision of non-synchronized Operating Reserves, Demand Side Resources indicate that they are willing to respond to real-time control from the ISO. Dispatchable Generators may either be ISO-Committed Flexible or Self Committed Flexible. Dispatchable Demand Side Resources must be ISO Committed Flexible. Dispatchable Resources that are not providing Regulation Service will follow five-minute RTD Base Point Signals. Dispatchable Generators that are providing Regulation Service will follow six-second AGC Base Point Signals.
- 1.10c Dispatch Day:** The twenty-four (24) hour period commencing at the beginning of each day (0000 hour).
- 1.10d Dispute Resolution Administrator ("DRA"):** An individual hired by the ISO to administer the Dispute Resolution Process established in the ISO Tariffs and ISO Agreement.
- 1.10e Dispute Resolution Process ("DRP"):** The procedures: (1) described in the ISO Tariffs and the ISO Agreement that are used to resolve disputes between Market Participants and the ISO involving services provided under the ISO Tariffs (excluding applications for rate changes or other changes to the ISO Tariffs or rules relating to such services); and (2) described in the ISO/NYSRC Agreement that are used to resolve disputes between the ISO and NYSRC involving the implementation and/or application of the Reliability Rules.

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- 1.10f East of Central-East:** An electrical area comprised of Lead Zones F, G, H, I, J, and K, as identifies in the ISO Procedures.
- 1.10g East of Central-East Excluding Long Island:** An electrical area comprised of Lead Zones F, G, H, I, and J, as identified in the ISO Procedures.
- 1.10h East of Central-East Excluding New York City and Long Island:** An electrical area comprised of Land Zones F, G, H, I, as identifies in the ISO Procedures.
- 1.11 Eligible Customer:** (i) Any electric utility (including the Transmission Owner and any power marketer), Federal power marketing agency, or any person generating Energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission

associated with its Firm Point-To-Point Transmission Service by acquiring sufficient TCCs with the same Points of Receipt and Delivery as its Transmission Service.

- 1.13a Firm Transmission Service:** Transmission Service requested by a Transmission Customer willing to pay Congestion Rent.
- 1.13b First Settlement:** The process of establishing binding financial commitments on the part of Customers participating in the Day-Ahead Market based on Day-Ahead LBMP.
- 1.13b.1 Fixed Block Unit:** A unit that, due to operational characteristics, can only be dispatched in one of two states: either turned completely off, or turned on and run at a fixed capacity level.
- 1.13c Generator:** A facility capable of supplying Energy, Capacity and/or Ancillary Services that is accessible to the NYCA.
- 1.13d Generator Classes:** The type of Generator (e.g., nuclear, gas turbine, fossil, hydro) which is used by the ISO to determine criteria that must be met for that Generator to qualify as a source of Installed Capacity.
- 1.14 Good Utility Practice:** Any of the practices, methods or acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods or acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to delineate acceptable practices, methods, or acts generally accepted in the region.
- 1.14a Government Bonds:** Tax-exempt bonds issued by the New York Power Authority pursuant to Section 103 and related provisions of the Internal Revenue Code. 26 U.S.C. § 103.
- 1.14b Grandfathered Rights:** The transmission rights associated with: (1) Modified Wheeling Agreements; (2) Transmission Facility Agreements with transmission wheeling provisions; and (3) Third Party Transmission Wheeling Agreements

(“TWA”) where the party entitled to exercise the transmission rights associated with such Agreements has chosen, as provided in the Tariff, to retain those rights rather than to convert them to TCCs. Upon the expiration or termination of Grandfathered Rights, the associated transmission Capacity is converted to Residual Transmission Capacity.

- 1.14c Grandfathered TCCs:** The TCCs associated with: (1) Modified Wheeling Agreements; (2) Transmission Facility Agreements with transmission wheeling provisions; and (3) Third Party TWAs where the party entitled to exercise the transmission rights associated with such agreements, has chosen, as provided for in the Tariff, to convert those rights to TCCs.
- 1.14d** Reserved for Future Use.
- 1.14e Imports:** A Bilateral Transaction or sale to the LBMP Market where Energy is delivered to a NYCA Interconnection from another Control Area.
- 1.14f Imputed Revenue:** The Congestion Rents that owners of Grandfathered Rights do not have to pay due to their own use of those Grandfathered Rights.
- 1.14g Inadvertent Energy Accounting:** The accounting performed to track and reconcile the difference between net actual Energy interchange and scheduled Energy interchange of a Control Area with adjacent Control Areas.
- 1.14h Incremental Energy Bid:** A series of monotonically increasing constant cost incremental Energy steps that indicate the quantities of Energy for a given price that an entity is willing to supply to the ISO Administered Markets.
- 1.14i Incremental TCC:** A set of point-to-point Transmission Congestion Contract(s) allocated to the Transmission Customer or Transmission Owner that is paying for a Network Upgrade or Direct Assignment Facilities. Incremental TCCs are point-to-point TCCs that derive from the increase or decrease in Interface Total

- 1.14r Internal:** An entity (e.g., Supplier, Transmission Customer) or facility (e.g., Generator, Interface) located within the Control Area being referenced. Where a specific Control Area is not referenced, internal means the NYCA.
- 1.14s Internal Transactions:** Purchases, sales or exchanges of Energy, Capacity or Ancillary Services where the Generator and Load are located within the NYCA.
- 1.15 Interruption:** A reduction in non-Firm Transmission service due to economic reasons pursuant to Section 14.7.
- 1.15.1 Investment Grade Customer:** A Customer that meets the criteria set forth in Article II of Attachment W.
- 1.15a Investor-Owned Transmission Owners :** At the present time these include: Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation.
- 1.15b ISO Administered Markets:** The Day-Ahead Market and the Real-Time Market (collectively the LBMP Markets) and any other market administered by the ISO.
- 1.15b.1 ISO-Committed Fixed:** A bidding mode in which a Generator requests that the ISO commit and schedule it in the Day-Ahead Market, and participates as a Self-Committed Fixed Generator in the Real-Time Market.
- 1.15b.2 ISO-Committed Flexible:** A bidding mode in which a Dispatchable Generator Demand Side Resource follows Base Point Signals and is committed by the ISO.
- 1.15c ISO Market Power Monitoring Program:** The monitoring program approved by the Commission and administered by the ISO designed to monitor the possible exercise of market power in ISO Administered Markets.

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1.15d ISO OATT (the “Tariff”): The ISO Open Access Transmission Tariff.

1.15e ISO Procedures: The procedures adopted by the ISO in order to fulfill its responsibilities under the ISO OATT, the ISO Services Tariff and the ISO Related Agreements.

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- 1.15f ISO Related Agreements:** Collectively, the ISO Agreement, the NYSRC Agreement, the ISO/NYSRC Agreement and the ISO/TO Agreement.
- 1.15g ISO Services Tariff:** The ISO Market Administration and Control Area Services Tariff.
- 1.15h ISO Tariffs:** The ISO OATT and the ISO Services Tariff, collectively.
- 1.15i LBMP Markets:** A term that collectively refers to both the Real-Time Market and the Day-Ahead Market.
- 1.15j LIPA Tax-Exempt Bonds:** Obligations of the Long Island Power Authority, the interest in which is not included in gross income under the Internal Revenue Code.
- 1.15k Load:** A term that refers to either a consumer of Energy or the amount of Energy (MWh) or demand (MW) consumed by certain consumers.
- 1.16 Load Ratio Share:** The ratio of an LSE's Load to Load within the NYCA during a specified time period.
- 1.16a Load Serving Entity ("LSE"):** An entity, including a municipal electric system and an electric cooperative, authorized or required by law, regulatory authorization or requirement, agreement, or contractual obligation to supply Energy, Capacity and/or Ancillary Services to retail customers located within the NYCA, including an entity that takes service directly from the ISO to supply its own load in the NYCA.
- 1.17 Load Shedding:** The systematic reduction of system demand by temporarily decreasing Load in response to Transmission System or area Capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.
- 1.17a Load Zone:** One (1) of eleven (11) geographical areas located within the NYCA that is bounded by one (1) or more of the fourteen (14) New York State Interfaces.

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- 1.17b Local Furnishing Bonds:** Tax-exempt bonds issued by a Transmissions Owner under an agreement between the Transmission Owner and the New York State Energy Research and Development Authority (“NYSERDA”), or its successor, or by a Transmission Owner itself, and pursuant to Section 142(f) of the Internal Revenue Code, 26 U.S.C. § 142(f).
- 1.17c Locality:** A single LBMP Load Zone or set of adjacent LBMP Load Zones within one Transmission District, and within which a minimum level of Installed Capacity must be maintained.
- 1.17d Local Reliability Rule:** A Reliability Rule established by a Transmission Owner and adopted by the NYSRC to meet specific reliability concerns in limited areas of the NYCA, including without limitation, special requirements and conditions that apply to nuclear plants and special requirements applicable to the New York City metropolitan area.
- 1.17e Locational Based Marginal Pricing (“LBMP”):** The price of Energy at each location in the NYS Transmission System as calculated pursuant to Attachment J.
- 1.17f Locational Installed Capacity Requirement:** A determination by the ISO of that portion of the state-wide Installed Capacity requirement that must be electrically located within a Locality in order to ensure that sufficient Energy and Capacity are available in that Locality and that appropriate reliability criteria are met.
- 1.17g Long-Island (“L.I.”):** An electrical area comprised of Load Zone K, as identified in the ISO Procedures.

- 1.18 Long-Term Firm Point-To-Point Transmission Service:** Firm Point-to-Point Service, the price of which is fixed for a long term by a Transmission Customer acquiring sufficient TCCs with the same Points of Receipt and Delivery as its Transmission Service.
- 1.18a Lost Opportunity Cost:** The foregone profit associated with the provision of Ancillary Services, which is equal to the product of: (1) the difference between (a) the Energy that a Generator could have sold at the specific LBMP and (b) the Energy sold as a result of reducing the Generator's output to provide an Ancillary Service under the direction of the ISO; and (2) the LBMP existing at the time the Generator was instructed to provide the Ancillary Service, less the Generator's Energy bid for the same MW segment.
- 1.18b Major Emergency State:** An Emergency accompanied by abnormal frequency, abnormal voltage and/or equipment overloads that create a serious risk that the reliability of the NYS Power System could be adversely affected.
- 1.18c Manual Dispatch:** A dispatch of the NYS Transmission System performed by the ISO when the ISO's RTD is unavailable.
- 1.18d Marginal Losses:** The NYS Transmission System Real Power Losses associated with each additional MWh of consumption by Load, or each additional MWh transmitted under a Bilateral Transaction as measured at the Points of Withdrawal.
- 1.18e Marginal Losses Component:** The component of LBMP at a bus that accounts for the Marginal Losses, as measured between that bus and the Reference Bus.
- 1.18f Market Participant:** An entity, excluding the ISO, that produces, transmits, sells, and/or purchases for resale Capacity, Energy and Ancillary Services in the Wholesale Market. Market Participants include: Transmission Customers under the ISO OATT, Customers under the ISO Services Tariff, Power Exchanges, Transmission Owners, Primary Holders, LSEs, Suppliers and their designated agents. Market Participants also include entities buying or selling TCCs.
- 1.18g Market Services:** Services provided by the ISO under the ISO Services Tariff related to the ISO Administered Markets for Energy, Capacity and Ancillary

Services.

- 1.18h Member Systems:** The eight Transmission Owners that comprise the membership of the New York Power Pool.
- 1.18i Minimum Generation Bid:** A Bid parameter that identifies the payment a Supplier requires to operate a Generator at its specific minimum operating level or to provide a Demand Side Resource's specified minimum quantity of Demand Reduction.
- 1.18j Modified Wheeling Agreements ("MWA"):** A Transmission Agreement in existence, as amended, between Transmission Owners, that is associated with existing Generators or power supply contracts, that will be modified effective upon LBMP implementation. The terms and conditions of the MWA will remain the same as the original agreement, except as noted in the ISO OATT.
- 1.19 Native Load Customers:** The wholesale and retail power customers of the Transmission Owners on whose behalf the Transmission Owners, by statute, franchise, regulatory requirement, or contract, have undertaken an obligation to construct and operate the Transmission Owners' systems to meet the reliable electric needs of such customers.
- 1.19a NERC:** The North American Electric Reliability Council.
- 1.19b NERC Transaction Priorities:** The reservation and scheduling priority applied to a Transaction under the NERC Transmission Loading Relief Procedure.
- 1.19c Net Auction Revenue:** The total amount, in dollars, as calculated pursuant to Section 3.1 of Attachment N, remaining after collection of all charges and allocation of all payments associated with a round of a Centralized TCC Auction or a Reconfiguration Auction. Net Auction Revenue takes into account: (i) revenues from the award of TCCs in a Centralized TCC Auction or Reconfiguration Auction, (ii) payments to Transmission Owners releasing ETCNL, (iii) payments to Primary Holders selling TCCs, (iv) payments to Transmission Owners releasing Residual TCCs determined prior to the first Centralized TCC Auction, (v) Auction Surplus Payments, and (vi) Auction Shortfall Charges. Net Auction Revenue may be positive or negative.

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1.26a.2 New York City: The electrical area comprised of Load Zone J, as identified in the ISO Procedures.

1.26b New York Control Area (“NYCA”): The Control Area that is under the control of the ISO which includes transmission facilities listed in the ISO/TO Agreement Appendices A-1 and A-2, as amended from time-to-time, and Generation located

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outside the NYS Power System that is subject to protocols (e.g., telemetry signal biasing) which allow the ISO and other Control Area operator(s) to treat some or all of that Generation as though it were part of the NYS Power System.

- 1.26c New York Power Pool (“NYPP”):** An organization established by agreement (the “New York Power Pool Agreement”) made as of July 21, 1966, and amended as of July 16, 1991, by and among Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Long Island Lighting Company, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation, and the Power Authority of the State of New York. LIPA became a Member of the NYPP on May 28, 1998 as a result of the acquisition of the Long Island Lighting Company by the Long Island Power Authority.
- 1.26d New York State Power System (“NYS Power System”):** All facilities of the NYS Transmission System, and all those Generators located within the NYCA or outside the NYCA, some of which may from time-to-time be subject to operational control by the ISO.
- 1.26e New York State Reliability Council (“NYSRC”):** An organization established by agreement among the Member Systems of the New York Power Pool (the “NYSRC Agreement”).
- 1.26f New York State Transmission System (“NYS Transmission System”):** The entire New York State electric transmission system, which includes: (1) the Transmission Facilities Under ISO Operational Control; (2) the Transmission Facilities Requiring ISO Notification; and (3) all remaining transmission facilities within the NYCA.
- 1.26g Non-Competitive Proxy Generator Bus:** (a) The Proxy Generator Bus for the Hydro Quebec Control Area; and (b) any other Proxy Generator Bus for an area outside of the New York Control Area that has been identified by the ISO as characterized by non-competitive Import or Export prices, and that has been approved by the Commission for designation as a Non-Competitive Proxy Generator Bus.
- 1.27 Non-Firm Point-To-Point Transmission Service:** Point-To-Point Transmission Service under the Tariff for which a Transmission Customer is not willing to pay Congestion. Such service is available absent Constraints under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for individual one-hour periods not to exceed twenty-four (24) consecutive hours.

- 1.27.1 Non-Investment Grade Customer:** A Customer that does not meet the criteria necessary to be an Investment Grade Customer, as set forth in Article II of Attachment W.
- 1.27a Non-Utility Generator (“NUG,” “Independent Power Producer” or “IPP”):** Any entity that owns or operates an electric generating facility that is not included in an electric utility’s rate base. This term includes, but is not limited to, cogenerators and small power producers and all other non-utility electricity producers, such as exempt wholesale generators that sell electricity.
- 1.27b Normal State:** The condition that the NYS Power System is in when the Transmission Facilities Under ISO Operational Control are operated within the parameters listed for Normal State in the Reliability Rules. These parameters include, but are not limited to, thermal, voltage, stability, frequency, operating reserve and Pool Control Error limitations.
- 1.27c Notification:** Informing the ISO of all changes in status of the Transmission Facilities Requiring ISO Notification. Notification includes the Transmission Owners informing the ISO of all changes in the status of the designated transmission facilities.
- 1.27d Nuclear Regulatory Commission (“NRC”):** Nuclear Regulatory Commission, or any successor thereto.
- 1.27e NYPA:** The Power Authority of the State of New York.
- 1.27f NYPA Transmission Adjustment Charge (“NTAC”):** A surcharge on all Energy Transactions designed to recover the Annual Transmission Revenue Requirement of NYPA which cannot be recovered through its TSC, TCCs, or other transmission revenues, including, but not limited to, its ETA revenues. This charge will be assessed to all Load statewide, as well as Transmission Customers in Wheels Through and Exports.
- 1.27g** Reserved for future use.
- 1.27h Off-Peak:** The hours between 11:00 p.m. and 7:00 a.m., prevailing Eastern Time, Monday through Friday, and all day Saturday and Sunday, and NERC-defined holidays, or as otherwise decided by ISO.

- 1.27i** Reserved for future use.
- 1.27j On-Peak:** The hours between 7:00 a.m. and 11:00 p.m. inclusive, prevailing Eastern Time, Monday through Friday, except for NERC-defined holidays, or as otherwise decided by the ISO.
- 1.28 Open Access Same-Time Information System (“OASIS”):** The information system and standards of conduct contained in Part 37 of the Commission’s regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.
- 1.28a Operating Capacity:** Capacity that is readily converted to Energy and is measured in MW.
- 1.28b Operating Committee:** A standing committee of the ISO created pursuant to the ISO Agreement, which coordinates operations, develops procedures, evaluates proposed system expansions and acts as a liaison to the NYSRC.
- 1.28b.1 Operating Requirement:** The amount calculated in accordance with Article III of Attachment W.
- 1.28c Operating Reserves:** Capacity that is available to supply Energy, or to the extent that the ISO’s software can support participation by Demand Side Resources’ provision of non-synchronized Operating Reserves, reduce demand in the event of Contingency conditions, and that meets the requirements of the ISO. The ISO will administer Operating Reserves markets, in the manner described in Article 4 and Rate Schedule 4 of this ISO Services Tariff, to satisfy the various Operating Reserves requirements, including locational requirements, established by the Reliability rules and other applicable reliability standards. The basic Operating Reserves products that will be procured by the ISO on behalf of the market are classified as follows:
- (1) Spinning Reserve: Operating Reserves provided by Generators that meet the eligibility criteria set forth in Rate Schedule 4 of this ISO Services Tariff that are already synchronized to the NYS Power System and can respond to instructions to change their output level, or reduce their Energy usage, within ten (10) minutes.

(2) 10-Minute Non-Synchronized Reserve: Operating Reserve provided by Generators, or, to the extent that the ISO's software can support their provision of this product, Demand Side Resources, that meet the eligibility criteria set forth in Rate Schedule 4 of this ISO Services Tariff and that can be started, synchronized and can change their output level, or reduce their Energy; usage, within ten (10) minutes; and

(3) 30-Minute Reserve: Synchronized Operating Reserves provided by Generators, or non-synchronized Operating Reserves provided by Generators or, to the extent that the ISO's software can support their provision of this product, Demand Side Resources, that meet the eligibility criteria set forth in Rate Schedule 4 of this ISO Services Tariff and that can respond to instructions to change their output level, or reduce their Energy usage, within thirty (30) minutes, including starting and synchronizing to the NYS Power System.

1.28c.1 Operating Reserve Demand Curve: A series of quantity/price points that defines the maximum Shadow Price for Operating Reserves meeting a particular Operating Reserve requirement corresponding to each possible quantity of Resources that the ISO's software may schedule to meet that requirement. A single Operating Reserve Demand Curve will apply to both the Day-Ahead Market and the Real-Time Market for each of the ISO's nine Operating Reserve requirements.

1.28d Operating Study Power Flow: A Power Flow analysis that is performed at least once before each Capability Period that is used to determine each Interface Transfer Capability for the Capability Period (See Attachment M).

1.28e Operational Control: Directing the operation of the Transmission Facilities Under ISO Operational Control to maintain these facilities in a reliable state, as defined by the Reliability Rules. The ISO shall approve operational decisions concerning these facilities, made by each Transmission Owner before the Transmission Owner implements those decisions. In accordance with ISO Procedures, the ISO shall direct each Transmission Owner to take certain actions to restore the system to the Normal State. Operational Control includes security

- 1.30 Part II:** Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.
- 1.31 Part III:** Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.
- 1.31a Part IV:** Tariff Sections 36 through 37 pertaining to Retail Access Service.
- 1.32 Party or Parties:** The ISO and the Transmission Customer receiving service under the Tariff.
- 1.32a Performance Tracking System:** A system designed to provide quantitative comparisons of actual values versus expected and forecasted values for Generators and Loads (See Rate Schedule 3 of the ISO Services Tariff). This system will be used by the ISO to measure compliance with criteria associated with the provision of Regulation and Frequency Response Service.
- 1.33 Point(s) of Delivery:** Point(s) on the NYS Transmission System where Capacity and Energy transmitted by the ISO will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Firm Point-To-Point Transmission Service. (Same as Point of Withdrawal.)

1.36d Real Power Losses: The loss of Energy, resulting from transporting power over the NYS Transmission System, between the Point of Injection and Point of Withdrawal of that Energy.

1.36d.1 Real-Time Bid: A Bid submitted into the Real-Time Commitment at least seventy-five minutes before the start of a dispatch hour.

1.36d.2 Real-Time Commitment (“RTC”): A multi-period security constrained unit commitment and dispatch model that co-optimizes to solve simultaneously for Load, Operating Reserves and Regulation Service on a least as-bid production cost basis over a two hour and fifteen minute optimization period. The optimization evaluates the next ten points in time separated by fifteen minute intervals. Each RTC run within an hour shall have a designation indicating the time at which its results are posted: “RTC₀₀,” RTC₃₀., and “RTC₄₅.” post on the hour, and at fifteen, thirty, and forty-five minutes after the hour, respectively. Each RTC run will produce binding commitment instructions for the periods beginning fifteen and thirty minutes after its scheduled posting time and will produce advisory commitment guidance for the remainder of the optimization period, RTC₁₅ will also establish External Transaction schedules. Additional information about RTC’s functions is provided in Section 4.4.2 of the ISO Services Tariff.

1.36d.3 Real-Time Dispatch (“RTD”): A multi-period security constrained dispatch model that co-optimizes to solve simultaneously for Load, Operating Reserves, and Regulation Service on a least-as-bid production cost basis over a fifty, fifty-five or sixty-minute period (depending on when each RTD run covers within an hour). The Real-Time Dispatch dispatches, but does not commit, Generators, and shall dispatch, but not commit, Demand Side Resources to the extent that it can support their participation. Real-Time Dispatch runs will normally occur every five minutes. Additional information about RTD’s functions is provided in Section 4.4.3 of the ISO Services Tariff. Throughout the ISO Services Tariff the term “RTD” will normally be used to refer to both the Real-Time Dispatch and to the specialized Real-Time Dispatch Corrective Action Mode software.

1.36d.4 Real-Time Dispatch-Corrective Action Mode (“RTD-CAM”): A specialized version of the Real-Time Dispatch software that will be activated when it is needed to address unanticipated system conditions. RTD-CAM is described in Section 4.4.4 of the ISO Services Tariff.

- 1.36e Real-Time LBMP:** The LBMPs established through the ISO Administered Real-Time Market.
- 1.36f Real-Time Market:** The ISO Administered Markets for Energy and Ancillary Services resulting from the operation of the RTC and the RTD.
- 1.37 Receiving Party:** The entity receiving the Capacity and Energy transmitted by the ISO to Point(s) of Delivery.
- 1.37.1 Reconfiguration Auction:** The monthly auction administered by the ISO in which Market Participants may purchase and sell one-month TCCs.
- 1.37a Reduction or Reduce:** The partial or complete reduction in non-Firm Transmission Service as a result of transmission Congestion (either anticipated or actual).
- 1.37b Reference Bus:** The location on the NYS Transmission System relative to which all mathematical quantities, including Shift Factors and penalty factors relating to physical operation, will be calculated. The NYPA Marcy 345 kV transmission substation is designated as the Reference Bus.
- 1.38 Regional Transmission Group (RTG):** A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.
- 1.38.01 Regulation Service Demand Curve:** A series of quantity/price points that defines the maximum Shadow Price for Regulation Service corresponding to each possible quantity of Resources that the ISO's software may schedule to satisfy the ISO's Regulation Service constraint.
- A single Regulation Service Demand Curve will apply to both the Day-Ahead Market and the Real-Time Market for Regulation Service. The Shadow Price for Regulation Service shall be used to calculate Regulation Service payments under Rate Schedule 3 of the Service Tariff.
- 1.38a Reliability Rules:** Those rules, standards, procedures and protocols developed and promulgated by the NYSRC, including Local Reliability Rules, in accordance with NERC, NPCC, FERC, PSC and NRC standards, rules and regulations, and other criteria and pursuant to the NYSRC Agreement.

February 11, 2004, 106 FERC ¶ 61,111 (2004).

1.38b Required System Capability: Generation capability required to meet an LSE's peak Load plus Installed Capacity reserve obligation as defined in the Reliability Rules.

February 11, 2004, 106 FERC ¶ 61,111 (2004).

1.39 Reserved Capacity: The maximum amount of Capacity and Energy that the ISO agrees to transmit for the Transmission Customer over the NYS Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

1.39a Residual Adjustment: The adjustment made to ISO costs that are recovered through Schedule 1. The Residual Adjustment is calculated pursuant to Schedule 1.

1.39b Residual Capacity Reservation Right (“RCRR”): A megawatt of transmission Capacity from one Load Zone to an electrically contiguous Load Zone, each of which is internal to the NYCA, that may be converted into an RCRR TCC by a Transmission Owner allocated the RCRR pursuant to Section 6.0 of Attachment M.

1.39b.1 Residual Transmission Capacity: The transmission capacity determined by the ISO before, during and after the Centralized TCC Auction which is conceptually equal to the following:

$$\text{Residual Transmission Capacity} = \text{TTC} - \text{TRM} - \text{CBM} - \text{GTR} - \text{GTCC} - \text{ETCNL}$$

is the TCCs associated with Residual Transmission Capacity cannot be accurately determined until the Centralized TCC Auction is conducted.

TTC is the Total Transfer Capability that can only be determined after the Residual Transmission Capacity is known.

GTR is the transmission capacity associated with Grandfathered Rights.

GTCC is the transmission capacity associated with Grandfathered TCCs.

ETCNL is the transmission capacity associated with Existing Transmission Capacity for Native Load.

TRM is the Transmission Reliability Margin.

CBM is the Capacity Benefit Margin.

1.39c Residual TCCs: TCCs converted from Residual Transmission Capacity that is either (1) determined during a Centralized TCC Auction or Reconfiguration Auction or (2) determined after each Grandfathered TCC and Grandfathered Right expires and the associated transmission Capacity is released to the ISO for sale.

- 1.39d Safe Operations:** Actions which avoid placing personnel and equipment in peril with regard to the safety of life and equipment damage.
- 1.39d.01 Scheduled Energy Injection:** Energy injections which are scheduled on a real-time basis by RTC.
- 1.39d.1 Scheduling Differential:** A monetary amount, to be defined by the ISO pursuant to ISO Procedures that is assigned to, or defines Bid Price limits applicable to, Decremental Bids and Sink Price Cap Bids at Proxy Generator Buses, in order to establish an appropriate scheduling priority for the Transaction or Firm Transmission Service associated with each such Bid. The Scheduling Differential shall be no larger than one dollar (\$1.00).
- 1.39e SCUC:** Security Constrained Unit Commitment, described in Attachment C of the Tariff.
- 1.39f Second Contingency Design and Operation:** The planning, design and operation of a power system such that the loss of any two (2) facilities will not result in a service interruption to either native load customers or contracted firm Transmission Customers. Second Contingency Design and Operation criteria do not include the simultaneous loss of two (2) facilities, but rather consider the loss of one (1) facility and the restoration of the system to within acceptable operating parameters, prior to the loss of a second facility. These criteria apply to thermal, voltage and stability limits and are generally equal to or more stringent than NYPP, NPCC and NERC criteria.
- 1.39g Second Settlement:** The process of: (1) identifying differences between Energy production, Energy consumption or NYS Transmission System usage scheduled in a First Settlement, and the actual production, consumption, or NYS Transmission System usage during the Dispatch Day; and (2) assigning financial responsibility for those differences to the appropriate Customers and Market Participants. Charges for Energy supplied (to replace Generation deficiencies or unscheduled consumption), and payments for Energy consumed (to absorb consumption deficiencies or excess Energy supply) or changes in transmission usage will be based on the Real-Time LBMPs.
- 1.39h Secondary Holder:** Entities that: (1) purchase TCCs in the Secondary Market; (2) purchase TCCs in a Direct Sale from a Transmission Owner and have not been certified as a Primary Holder by the ISO; or (3) receive an allocation of Native Load TCCs from a Transmission Owner (See Attachment M). A Transmission Customer purchasing TCCs in a Direct Sale may qualify as a Primary Holder with respect to those TCCs purchased in that Direct Sale.

February 11, 2004, 106 FERC ¶ 61,111 (2004).

1.39i Secondary Market: A market in which Primary and Secondary Holders sell TCCs by mechanisms other than through the Centralized TCC Auction or by Direct Sale. Buyers of TCCs in the Secondary Market shall neither pay nor receive Congestion Rents directly to or from the ISO.

February 11, 2004, 106 FERC ¶ 61,111 (2004).

- 1.39j** Reserved for future use.
- 1.39k Security Coordinator:** An entity that provides the security assessment and Emergency operations coordination for a group of Control Areas. A Security Coordinator must not participate in the wholesale or retail merchant functions.
- 1.39k.1 Self-Committed Fixed:** A bidding mode in which a Generator is self-committed and opts not to be Dispatchable over any portion of its operating range.
- 1.39k.2 Self-Committed Flexible:** A bidding mode in which a dispatchable Generator follows Base Point Signals within a portion of its operating range, but self-commits.
- 1.39l Self-Supply:** The provision of certain Ancillary Services, or the provision of Energy to replace Marginal Losses by a Transmission Customer using either the Transmission Customer's own Generators or generation obtained from an entity other than the ISO.
- 1.40 Service Agreement:** The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the ISO for service under the Tariff or any unexecuted Service Agreement, amendments on supplements thereto, that the ISO unilaterally files with the Commission.
- 1.41 Service Commencement Date:** The date the ISO begins to provide service pursuant to the terms of an executed Service Agreement, or the date the ISO begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.
- 1.41a Settlement:** The process of determining the charges to be paid to, or by a Transmission Customer to satisfy its obligations
- 1.41a.1 Shadow Price:** The marginal value of relieving a particular constraint.
- 1.41b Shift Factor ("SF"):** A ratio, calculated by the ISO, that compares the change in power flow through a transmission facility resulting from the incremental injection and withdrawal of power on the NYS Transmission System.
- 1.42 Short-Term Firm Point-To-Point Transmission Service:** Firm Point-to-Point Service, the price of which is fixed for a short term by a Transmission Customer acquiring sufficient TCCs with the same Points of Receipt and Delivery as its Transmission Service.

- 1.42.01 Sink Price Cap Bid:** A Bid Price provided by an entity engaged in an Export to indicate the Proxy Generator Bus LBMP below which that entity is willing to either purchase Energy in the LBMP Markets or, in the case of Bilateral Transactions, to accept Transmission Service.
- 1.42.01a Special Test Transactions:** The revenues or costs from purchases and/or sales of Energy that may occur pursuant to virtual regional dispatch/intra-hour transaction pilot tests conducted by the ISO to analyze potential solutions for, or approaches to resolving inter-market “seams” issues with neighboring control area operators.
- 1.42.02 Start-Up Bid:** A Bid parameter that may vary hourly and that identifies the payment a Supplier requires to bring a Generator up to its specified minimum operating level from an offline state or a Demand Side Resource from a level of no Demand Reduction to its specified minimum level of Demand Reduction.
- 1.42a Storm Watch:** Actual or anticipated severe weather conditions under which region-specific portions of the NYS Transmission System are operated in a more conservative manner by reducing transmission transfer limits.
- 1.42b Strandable Costs:** Prudent and verifiable expenditures and commitments made pursuant to a Transmission Owner’s legal obligations that are currently recovered in the Transmission Owner’s retail or wholesale rate that could become unrecoverable as a result of a restructuring of the electric utility industry and/or electricity market, or as a result of retail-turned-wholesale customers, or customers switching generation or transmission service suppliers.
- 1.42c Stranded Investment Recovery Charge (“SIRC”):** A charge established by a Transmission Owner to recover Strandable Costs.
- 1.42d Supplier:** A Party that is supplying the Capacity, Energy and/or associated Ancillary Services to be made available under the ISO OATT or the ISO Services Tariff, including Generators and Demand Side Resources that satisfy all applicable ISO requirements.

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- 1.42e Supplemental Resource Evaluation (“SRE”):** A determination of the least cost selection of additional Generators, which are to be committed loaded, to meet changed conditions that may cause the original system dispatch to be inadequate to meet Load and/or reliability requirements.
- 1.43 System Impact Study:** An assessment by the ISO of (i) the adequacy of the NYS Transmission System to accommodate a request to build facilities in order to create incremental transfer capability, resulting in incremental TCCs, in connection with a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service; and (ii) the additional costs to be incurred in order to provide the incremental transfer capability.
- 1.43a Tangible Net Worth:** The value, determined by the ISO, of all of a Customer’s assets less both: (i) the amount of the Customer’s liabilities and (ii) all of the Customer’s intangible assets, including, but not limited to, patents, trademarks, franchises, intellectual property, and goodwill.
- 1.44 Third Party Sale:** Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.

February 11, 2004, 106 FERC ¶ 61,111 (2004).

- 1.49c Voting Share:** The method used in the ISO Agreement to allocate voting rights among the members of the Management Committee. The formula for calculating a Party's Voting Share is provided in the ISO Agreement.
- 1.49c.1 West of Central-East (“West” or “Western”):** An electrical area comprised of Lead Zones A, B, C, D, and E, as identified in the ISO Procedures.
- 1.49d Wheels Through:** Transmission Service, originating in another Control Area, that is wheeled through the NYCA to another Control Area.
- 1.49e Wholesale Market:** The sum of purchases and sales of Energy and Capacity for resale along with Ancillary Services needed to maintain reliability and power quality at the transmission level coordinated together through the ISO and Power

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termination or a material modification of this Tariff and/or Service Agreements related to this Tariff that would be inconsistent with any term or provision of the ISO/TO Agreement. Any Transmission Customer may withdraw from this Tariff on thirty (30) days prior written notice to the ISO.

2.0 Initial Allocation and Renewal Procedures

2.1 Initial Allocation of Available Transmission Capability: Firm Transmission

Service under this Tariff is obtained when the Transmission Customer agrees to pay the Congestion associated with its service. A Transmission Customer may fix the price of Congestion costs associated with its Firm Transmission Service through the purchase of a sufficient quantity of Transmission Congestion Contracts (“TCCs”) with receipt and delivery points corresponding to its Transmission Service. TCCs are solely financial instruments that do not establish any rights to, or the availability of, Transmission Service. For purposes of determining whether existing capability on the NYS Transmission System is adequate to accommodate a request for Firm Transmission Service under this Tariff, the ISO shall employ Security Constrained Unit Commitment (“SCUC”), Real-Time Commitment (“RTC”) and Real-Time Dispatch (“RTD”) programs in accordance with Attachment C. The availability of TCCs

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13.5 Transmission Customer Obligation for Facility Additions or Redispatch Cost:

The ISO continuously redispatches all resources subject to its control in order to meet Load and to accommodate requests for a Firm Transmission Service through the use of SCUC, RTC, and RTD. Firm Point-To-Point Transmission Customers are charged for these redispatch costs in accordance with Attachment J. Transmission Owner(s) will be obligated to expand or upgrade its Transmission System pursuant to the terms of Section 19. The Transmission Customer or Eligible Customer must agree to compensate the Transmission Owner(s) for any necessary transmission facility additions pursuant to Section 19.

13.6 Curtailment of Firm Transmission Service: In the event that a Curtailment on the NYS Transmission System, or a portion thereof, is required to maintain reliable operation of such system, Curtailments will be made on a non-discriminatory basis to the Transaction(s) that effectively relieve the Constraint. When applicable, the ISO will follow the Lake Erie Emergency Redispatch (“LEER”) Procedure filed on February 26, 1999, in Docket No. EL99-52-000 which is incorporated by reference herein. The LEER Procedure is intended to prevent the necessity of implementing the Curtailment procedures contained in the Commission and NERC tariffs and policies. If multiple

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Transmission Service over the transmission facilities of the parties to the ISO/TO Agreement, to any Transmission Customer that has met the requirements of Section 16.

15.2 Determination of Available Transmission Capability: The ISO continuously redispatches all resources subject to its control in order to meet Load and to accommodate requests for Firm Transmission Service through the use of SCUC, RTC and RTD. The ISO will post information regarding ATC and TTC availability on the OASIS.

15.3 Initiating Service in the Absence of an Executed Service Agreement: If the ISO and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all terms and conditions of the Point-To-Point Service Agreement, ISO shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification directing the ISO to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by the ISO for such requested Transmission Service. The ISO shall commence providing Transmission Service subject to the Transmission Customer agreeing to (i)

18.4 Determination of Available Transmission Capability Using Security Constrained Unit Commitment (“SCUC”), Real-Time Commitment (“RTC”), and Real-Time Dispatch (“RTD”). The ISO continuously redispaches the resources subject to its control in order to meet Load and accommodate requests for Firm Transmission Service through the use of SCUC, RTC, and RTD.

19.0 Additional Study Procedures For Firm Point-To-Point Transmission Service Requests

The FERC Order No. 888 provisions for initiating a transmission system expansion are contained in Section 19 and Sections 20 through 21.2. Additional ISO responsibilities for transmission system expansion are contained in Section 19A. Study procedures associated with new interconnections to the NYS Power System are contained in Section 19B. Section 19C addresses prioritization of network and point-to-point transmission expansion and interconnection studies. Nothing in this Tariff shall preclude the Transmission Owner from proposing and constructing transmission facilities in the public interest in accordance with all applicable regulatory requirements.

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