ATTACHMENT C

METHODOLOGY TO ASSESS AVAILABLE TRANSFER CAPABILITY

The ISO will assess Available Transfer Capability ("ATC") when developing the Day-Ahead and ~~Hour-Ahead~~real-time schedules and dispatching the NYS Power System in real-time.

Transfer Capability of the transmission network is limited by physical and electrical characteristics of the system including thermal, equipment loading, voltage and stability considerations. Transfer ~~capability~~Capability is evaluated based on base system loading and an assessment of critical contingencies on the Transmission System. The critical contingencies will be defined as appropriate using guidelines set forth in the ISO Procedures. Determination of ATC will require, in all cases, that base system conditions be identified and modeled for the period being analyzed. These conditions will include projected customer Demand, anticipated Transmission System facility availability, accepted Energy Transactions for the NYCA, and information about neighboring regions that affect the Transfer Capability of the NYCA.

The ISO's calculation of Transfer Capability will be consistent with NERC principles. These calculations will be performed by the ISO through the performances of SCUC, ~~SCD~~RTC, and RTD, which are described in Article 4 of the ISO Services Tariff.

~~the BME.~~

~~The following Sections describe SCUC, SCD, and BME.~~

1.0 Security Constrained Unit Commitment ("SCUC")

The ISO shall develop an SCUC schedule using a computer algorithm which simultaneously minimizes the total Bid Production cost of: (i) supplying power to satisfy all accepted purchaser's Bids to buy Energy from the Day-Ahead Market; (ii) providing sufficient Ancillary Services to support Energy purchased from the Day-Ahead Market; (iii) committing sufficient Capacity to meet the ISO's Load forecast and provide associated Ancillary Services; and (iv) meeting all Transmission Schedules submitted Day-Ahead. The schedule will include commitment of sufficient generating facilities and/or Interruptible Load to provide for reliable operation of the NYS Transmission System. In addition to all Reliability Rules, the ISO shall consider the following information when developing the SCUC: (i) Load forecasts provided to the ISO and adjusted as required by the ISO; (ii) Ancillary Service requirements as determined by the ISO; (iii) Transmission Service schedules; (iv) price Bids and operating Constraints submitted for a generating facility or Demand Side Resources; (v) price bids for Ancillary Services; (iv) Decremental and Sink Price Cap Bids for Bilateral Transactions; (vii) Ancillary Services in support of Bilateral Transactions; and (viii) Bids to purchase Energy from the Day-Ahead Market. The SCUC schedule shall list the twenty-four (24) hour injections for: (a) each

generating facility whose Bid the ISO accepts for the following Dispatch Day; and (b) each Bilateral Transaction Scheduled Day-Ahead.

In the development of its SCUC schedule, the ISO may commit and decommit Generators based upon any flexible Bids, including Minimum Generation and Start-Up Costs, Energy, and Incremental and Decremental Bids received by the ISO.

2.0 Security Constrained Dispatch (ASCD@)

The ISO shall dispatch the NYS Power System consistent with the Bids that are submitted by generating facilities and accepted by the ISO, while satisfying the actual system Load. The ISO shall use Day-Ahead and Hour-Ahead Bids and shall accommodate Bilateral Transaction schedules and schedule changes to the maximum extent possible consistent with reliability, and the Decremental Bids of Bilateral Transaction parties. The ISO shall run a Security Constrained Dispatch (ASCD@) normally every five (5) minutes to minimize the total Bid Production Costs of meeting the system Load and maintaining scheduled interchanges with adjacent Control Areas over the next SCD interval. Bid Production Costs, for this purpose, will be calculated using Bids submitted into the Real-Time Market. The dispatch may cause the schedules of Generators providing Energy under Bilateral Transaction

Load. The ISO shall use Day-Ahead and Hour-Ahead Bids and shall accommodate Bilateral Transaction schedules and schedule changes to the maximum extent possible consistent with reliability, and the Decremental Bids of Bilateral Transaction parties. The ISO shall run a Security Constrained Dispatch (ASCD@) normally every five (5) minutes to minimize the total Bid Production Costs of meeting the system Load and maintaining scheduled interchanges with adjacent Control Areas over the next SCD interval. Bid Production Costs, for this purpose, will be calculated using Bids submitted into the Real-Time Market. The dispatch may cause the schedules of Generators providing Energy under Bilateral Transaction

Schedules to be modified, depending upon the Decremental Bids submitted (or assigned) in association with these schedules.

3.0 Balancing Market Evaluation (Hour-Ahead)

After the Day-Ahead schedule is published, and up to ninety (90) minutes prior to each dispatch hour, qualified customers and generating facilities may: (i) submit additional Bids to the ISO for Energy from (a) generating facilities or other resources that are dispatchable within five (5) minutes and that can be included in and respond to the ISO's SCD program and (b) fixed block Energy (non-Dispatchable) Bids available for the next hour; (ii) lower their Bid Price for Energy from generating facilities committed by the ISO in the Day-Ahead Market; (iii) change their Bid Price for additional Energy from generating facilities that were committed by the ISO in the Day-Ahead Market; (iv) modify Bilateral Transactions that were accepted by the ISO in the Day-Ahead schedule other than Pre-Scheduled Transactions; (v) propose new Bilateral Transactions; and (vi) submit Bids to purchase Energy from the Real-Time Market. The Bids submitted up to ninety (90) minutes before the dispatch hour shall be referred to as Hour-Ahead Bids. Bids for Exports shall be priced no higher than the Bid that provides the highest scheduling priority for purchases in the

LBMP Market, minus the product of (i) the Scheduling Differential and (ii) three. Bids for Imports and Decremental Bids for Wheels Through at the Proxy Generator Bus designated as the source of the Transaction shall be priced no lower than the Bid that provides the highest scheduling priority for sales to the LBMP Market plus the product of (i) the Scheduling Differential and (ii) three. The ISO shall use the Balancing Market Evaluation (ABME@) ninety (90) minutes before each dispatch hour to determine schedules for LBMP Market and Bilateral

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Transactions including Exports, Imports and Wheels Through. In developing these schedules, the BME will consider updated Load forecasts and evaluate the impact on reliability of the proposed schedules and commitments. The BME will adjust firm Bilateral Transaction schedules based on Incremental, Decremental and Sink Price Cap Bids and all generating facility schedules, based on their Bids, to maintain reliability. The BME will not determine any prices except, when the special conditions described in Attachment J are applicable but will schedule on a least total Bid Production Cost basis.

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