

paid a negotiated price, subject to the standards, procedures and remedies in the Market

Mitigation Measures.

The ISO will not pay an Installed Capacity Supplier more than the applicable Market Clearing Price of Unforced Capacity determined in the ICAP Spot Market Auction per MW of Unforced Capacity, or, in the case of In-City generation that is subject to Capacity market mitigation measures, the annual mitigated price cap per MW of Unforced Capacity, whichever is less, pro-rated to reflect the portion of the Obligation Procurement Period for which the Installed Capacity Supplier provides Unforced Capacity. Any remaining monies collected by the ISO pursuant to this section will be applied in accordance with Section 5.14.3 of the Services Tariff.

5.14.2 Installed Capacity Supplier Shortfalls and Deficiency Charges

5.14.2.1 General Provisions

In the event that an Installed Capacity Supplier sells in the Capability Period Auctions, in the Monthly Auctions, or through Bilateral Transactions more Unforced Capacity than it is qualified to sell in any specific month due to a de-rating or other cause, the Installed Capacity Supplier shall be deemed to have a shortfall for that month. To cover this shortfall, the Installed Capacity Supplier shall purchase sufficient Unforced Capacity in the relevant Monthly Auction or through Bilateral Transactions, and certify to the ISO consistent with the ISO Procedures that it has covered such shortfall. If the Installed Capacity Supplier does not cover such shortfall or if it does not certify to the ISO in a timely manner, the ISO shall, to the extent the ISO is aware of the shortfall, prospectively purchase Unforced Capacity on behalf of that Installed Capacity Supplier in the appropriate ICAP Spot Market Auction or through post ICAP Spot Market Auction Unforced Capacity purchases to cover the shortfall.

The ISO shall submit a Bid, calculated pursuant to Section 5.14.1 of this Tariff, in the appropriate ICAP Spot Market Auction on behalf of an Installed Capacity Supplier deemed to have a shortfall as if the Installed Capacity Supplier were an LSE. Such Installed Capacity Supplier shall be required to pay to the ISO the applicable Market-Clearing Price of Unforced Capacity established in that ICAP Spot Market Auction. Immediately following the ICAP Spot Market Auction, the ISO may suspend the Installed Capacity Supplier's privileges to sell or purchase Unforced Capacity in ISO-administered Installed Capacity auctions or to submit Bilateral Transactions to the NYISO. Once the Installed Capacity Supplier pays for or secures the payment obligation that it incurred in the ICAP Spot Market Auction, the ISO shall reinstate the Installed Capacity Supplier's privileges to participate in the ICAP markets.

In the event that the ICAP Spot Market Auction clears below the NYCA Minimum Installed Capacity Requirement or the Locational Minimum Installed Capacity Requirement, whichever is applicable to the Installed Capacity Supplier, and the Installed Capacity Supplier is deemed to have a shortfall, the Installed Capacity Supplier shall be assessed the applicable deficiency charge equal to the applicable Market-Clearing Price of Unforced Capacity determined using the applicable ICAP Demand Curve for that ICAP Spot Market Auction, times the amount of its shortfall.

If an Installed Capacity Supplier is found, at any point during a Capability Period, to have had a shortfall for that Capability Period, *e.g.*, when the amount of Unforced Capacity that it supplies is found to be less than the amount it was committed to supply, the Installed Capacity Supplier shall be retrospectively liable to pay the ISO the monthly deficiency charge equal to one and one-half times the applicable Market-Clearing Price of Unforced Capacity determined using the applicable ICAP Demand Curve for that ICAP Spot Market Auction times the amount of its

shortfall for each month the Installed Capacity Supplier is deemed to have a shortfall. If the Installed Capacity Supplier is a RIP, it may experience a shortfall when, among other reasons, it sells ineligible or unavailable capacity MW associated with a properly or improperly enrolled SCR.

The ISO, when evaluating whether an Installed Capacity Supplier has a shortfall, may use either Unforced Capacity data or Installed Capacity data; provided, however, that the ISO shall convert any shortfall MWs based on Installed Capacity data to its Unforced Capacity equivalent prior to calculating the amount of any deficiency charge. All shortfalls shall be measured in MWs in increments of 0.1 MW.

Any remaining monies collected by the ISO pursuant to Section 5.14.1 and 5.14.2 will be applied as specified in Section 5.14.3.

5.14.2.2 Additional Provisions Applicable to External Installed Capacity Suppliers

In addition to the general provisions set forth in Section 5.14.2.1 above that are applicable to External Installed Capacity Suppliers as Installed Capacity Suppliers, the following provisions shall also apply to External Installed Capacity Suppliers.

In the event that an External Installed Capacity Supplier fails to deliver to the NYCA the Energy associated with the Unforced Capacity it committed to the NYCA due to a failure to obtain appropriate transmission service or rights, the External Installed Capacity Supplier shall be deemed to have a shortfall from the last time the External Installed Capacity Supplier “demonstrated” delivery of its Installed Capacity Equivalent (“ICE”), or any part thereof, until it next delivers its ICE or the end of the term for which it certified the applicable block of Unforced Capacity, whichever occurs first, subject to the limitation that any prior lack of

demonstrated delivery will not precede the beginning of the period for which the Unforced Capacity was certified. An External Installed Capacity Supplier deemed to have a shortfall shall be required to pay to the ISO a deficiency charge equal to one and one-half times the applicable Market Clearing Price of Unforced Capacity determined in the ICAP Spot Market Auction for the applicable month, prorated for the number of hours in the month that External Installed Capacity Supplier is deemed to have a shortfall (i.e., $((\text{deficiency charge} \div 12 \text{ months}) \div \text{total number of hours in month when shortfall occurred}) * \text{number of hours the shortfall lasted}) * \text{number of MWs of shortfall}$).

5.14.2.3 Additional Provisions Applicable to RIPs

In addition to the general provisions set forth in Section 5.14.2.1 above that are applicable to RIPs as Installed Capacity Suppliers, this Section 5.14.2.3 establishes the following four specific shortfalls applicable to RIPs: 1. shortfall for Provisional ACL; 2. shortfall for Incremental ACL; 3. shortfall for SCR Change of Status; and 4. shortfall for RIP portfolio performance. The deficiency charge for any such shortfall shall be equal to the Unforced Capacity equivalent of the shortfall multiplied by one and one-half times the applicable Market Clearing Price of Unforced Capacity determined using the applicable ICAP Demand Curve for the ICAP Spot Market Auction for each month the RIP is deemed to have a shortfall.

There are three distinct measures of shortfall that are applicable to a RIP, described in this Section 5.14.2.3, where individual SCRs that have been enrolled with a Provisional ACL or an Incremental ACL, or that experience a SCR Change of Status may result in a shortfall. When a RIP is subject to multiple deficiency charges for the same SCR for the same Capability Period, the ISO shall assess to the RIP only the greatest deficiency charge related to such SCR. In

addition, if the shortfall results in a reduction in the performance of a SCR, the ISO may recover from the RIP any energy payments for which the SCR was ineligible to receive.

5.14.2.3.1 Shortfall for Provisional ACL

Prior to the Summer 2014 Capability Period if the Installed Capacity Supplier is a Responsible Interface Party, after each Special Case Resource with a Provisional Average Coincident Load has its Average Coincident Load determined for the Capability Period in which it had a Provisional Average Coincident Load (such determination in accordance with ISO Procedures and without regard to whether the resource was registered to the same Responsible Interface Party at the time of the ACL determination), the ISO shall determine if there is a shortfall due to the Provisional Average Coincident Load being higher than the Average Coincident Load. This shortfall will be equal to the value, if positive, of (x) the sum of (i) the amount of UCAP a Responsible Interface Party sold in an Monthly or an ICAP Spot Market Auction or certified Bilateral Transactions for a Special Case Resource and (ii) the Special Case Resource's actual metered demand for the month in accordance with ISO Procedures, minus (y) the Special Case Resource's Average Coincident Load. If the ISO does not receive data to determine the Average Coincident Load in accordance with ISO Procedures, for each Capability Period a Special Case Resource had a Provisional Average Coincident Load, for purposes of determining the shortfall, the Average Coincident Load shall equal zero.

Beginning with the Summer of 2014 Capability Period if the Installed Capacity Supplier is a Responsible Interface Party, after each SCR with a Provisional ACL has its Verified ACL determined for the Capability Period in which it had a Provisional ACL (such determination in accordance with Section 5.12.11.1 and ISO Procedures) the ISO shall determine if there is a shortfall due to the Provisional ACL being greater than the Verified ACL. This shortfall shall be

equal to the value, if positive, of (x) the Provisional ACL of the SCR, minus (y) the Verified ACL of the SCR. The shortfall calculated for the SCR for a month shall not exceed the amount of Installed Capacity associated with the SCR that was sold for that month. If the ISO does not receive data to determine the SCR's Verified ACL for the Capability Period for which the SCR was enrolled with a Provisional ACL the Verified ACL shall equal zero.

5.14.2.3.2 Shortfall for Incremental ACL

If the Installed Capacity Supplier is a RIP that reported an Incremental ACL, the ISO shall determine there is a shortfall when the Net ACL is greater than the Verified ACL. This shortfall shall be equal to the value, if positive, of (x) the enrolled Net ACL of the SCR, minus (y) the Verified ACL of the SCR for each month in which the RIP sold the SCR's Installed Capacity. The shortfall calculated for the SCR for a month shall not exceed the amount of Installed Capacity associated with the SCR that was sold for that month. If the ISO does not receive data to determine the Verified ACL for each month within the Capability Period that the SCR was enrolled with an Incremental ACL, the Monthly ACL for each unreported month shall equal zero (0) and be used in the calculation of the Verified ACL in accordance with Section 5.12.11.1.5.

5.14.2.3.3 Shortfall for SCR Change of Status

If the Installed Capacity Supplier is a RIP, and a SCR Change of Status occurs, the ISO shall determine if a shortfall exists, based on the RIP's reporting of the SCR Change of Status.

When a SCR Change of Status is reported by the RIP in advance and no Installed Capacity associated with the SCR has been sold, a shortfall has not occurred. If the SCR Change of Status is reported by the RIP, but the Installed Capacity associated with the SCR has already been sold for one or more months a shortfall exists for these months, the shortfall shall be equal

to the reduction to the ACL reported in the SCR Change of Status, but shall not exceed the amount of Installed Capacity sold for each month.

When the RIP fails to report the SCR Change of Status during the Capability Period, for each month in which the SCR's Installed Capacity was sold and the SCR Change of Status was in effect, the ISO shall determine the shortfall MW using the maximum one hour metered Load for the month. The shortfall amount for each month in which the SCR Change of Status was in effect shall equal the value of SCR ACL minus the maximum one hour metered Load for the month, but shall not exceed the SCR's Installed Capacity sold for the month.

5.14.2.3.4 Shortfall for RIP Portfolio Performance

In addition to the shortfall evaluations based on individual SCRs, a RIP is subject to a shortfall evaluation, by Load Zone, for its entire SCR portfolio. In this evaluation the shortfall shall be determined for each Load Zone separately. A shortfall will occur if the total of the amount of UCAP sold by the RIP for a month in a Capability Period Auction or a Monthly Auction and certified prior to that month's ICAP Spot Market Auction, the UCAP sold in that month's ICAP Spot Market Auction, and the UCAP sold as a Bilateral Transaction and certified prior to that month's ICAP Spot Market Auction is greater than the greatest quantity MW reduction achieved during a single hour in a test or event called by the ISO in the Capability Period as confirmed by data by the ISO in accordance with ISO Procedures (or the value of zero if data is not received by the ISO in accordance with such procedures).

5.14.2.3.5 Shortfall for Failure to Validate or Maintain elected Firm Fuel Capability

Starting with the Capability Year beginning May 1, 2025, if an Installed Capacity Supplier elects to demonstrate any amount of firm fuel capability, receives a Capacity Accreditation Factor reflecting such firm fuel capability, and does not satisfy requirements

pursuant to Section 5.12.15 of the Services Tariff and ISO procedures to validate its unit's fuel supply by the December 1 or is unable to maintain the confirmed level of firm fuel supply, the ICAP Supplier shall be subject to a penalty for its failure to validate or maintain its firm fuel capability.

The deficiency charge for failing to validate or maintain firm fuel capability characteristics that would disqualify an ICAP Supplier from being identified and assigned a specific Capability Accreditation Resource Class shall be equal to one and one-half times the applicable Market-Clearing Price of Unforced Capacity determined using the applicable ICAP Demand Curve for that ICAP Spot Market Auction times the amount of its shortfall for each month the Installed Capacity Supplier is deemed to have a shortfall.

5.14.3 Application of Installed Capacity Supplier Deficiency Charges

Any remaining monies collected by the ISO through supplemental supply fees or Installed Capacity Supplier deficiency charges pursuant to Section 5.14.1 but not used to procure Unforced Capacity on behalf of LSEs or Installed Capacity suppliers deemed to have a shortfall shall be applied as provided in this Section 5.14.3.