

4.1.8 Commitment for Reliability

Suppliers with generating units committed by the ISO for service to ensure NYCA reliability or local system reliability, except for Behind-the-Meter Net Generation Resources, will recover startup and minimum generation costs that were not bid, that were not known before the close of the Real-Time Scheduling Window, and that were not recovered in the Dispatch Day, provided however, eligibility to recover such additional costs shall not be available for megawatts scheduled Day-Ahead.

External Installed Capacity Suppliers that respond to an SRE request are eligible to recover the ISO-verified costs they incur to respond to the SRE request to the extent such costs exceed the ISO-verified market revenues the External Installed Capacity Supplier receives. It is the obligation of the External Installed Capacity Supplier to demonstrate its costs and revenues to the ISO's satisfaction. In verifying the costs of External Installed Capacity Suppliers that respond to an SRE, the ISO will consider the incremental net costs the Market Party incurred to respond to the SRE. Recoverable costs could include, but are not limited to, incremental costs of generating to supply the requested Installed Capacity, and the incremental costs incurred by the Market Party to transmit power from the External Installed Capacity Supplier's resource to the NYCA, including the opportunity cost associated with lost expected revenue. However, losses resulting from the difference in External Transaction settlement prices between the External Control Area and the NYCA will only be recoverable if and to the extent the following conditions are satisfied: (a) the losses are demonstrated to be reasonably related to responding to the SRE request; and (b) the External Capacity Supplier is a Generator, or is an External Generator that is associated with an Unforced Capacity sale using UDRs; and (c) a counterflow Export from the NYCA offered at the External Interface where the Capacity delivery obligation

applies is not scheduled due to NYCA reliability concerns or is curtailed to address NYCA reliability concerns; or (d) no opportunity exists to schedule a counterflow Export from the NYCA at the External Interface where the Capacity delivery obligation applies. Payment for such costs shall be determined, as if bid, pursuant to the provisions of Attachment C of this Tariff. Payments for securing NYCA reliability and local system reliability shall be recovered by the ISO in accordance with Rate Schedule 1 of the ISO OATT.

Re-dispatching costs incurred as a result of reductions in Transfer Capability caused by Storm Watch (“Storm Watch Costs”) shall be aggregated and recovered on a monthly basis by 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.