

INDEX

| Article Number | Provisions | Sheet No. |
|----------------|--|------------|
| 1. | DEFINITIONS AND INTERPRETATION. | 1 |
| 2. | ISO OPERATIONS. | 2 |
| 2.1 | Access to the ISO Controlled Grid. | 2 |
| 2.2 | Scheduling. | 4 |
| 2.3 | System Operations under Normal and Emergency Operating Conditions. | 27 |
| 2.4 | [Not Used] | 43 |
| 2.4.3 | Existing Contracts for Transmission Service | 43 |
| 2.5 | Ancillary Services. | 56 |
| 2.6 | Incorporation of the ISO Market Monitoring & Information Protocol | 120 |
| 3. | RELATIONSHIP BETWEEN ISO AND PARTICIPATING TOs. | 121 |
| 3.1 | Nature of Relationship. | 121 |
| 3.2 | Transmission Expansion. | 121-A |
| 4. | RELATIONSHIP BETWEEN ISO AND UDCs. | 132 |
| 4.1 | General Nature of Relationship Between ISO and UDCs. | 132 |
| 4.2 | Coordinating Maintenance Outages of UDC Facilities. | 133 |
| 4.3 | UDC Responsibilities. | 133 |
| 4.4 | System Emergencies. | 134 |
| 4.5 | Electrical Emergency Plan (EEP). | 135 |
| 4.6 | System Emergency Reports: UDC Obligations. | 136 |

| | |
|---|------------|
| 4.7 Coordination of Expansion or Modifications to UDC Facilities. | 136 |
| 4.8 Information Sharing. | 136 |
| 4.9 UDC Facilities under ISO Control. | 138 |
| 5. RELATIONSHIP BETWEEN ISO AND GENERATORS. | 139 |
| 5.1 General Responsibilities. | 139 |
| 5.2 Procurement of Reliability Must-Run Generation by the ISO. | 142 |
| 5.3 Identification of Generating Units. | 145-A |
| 5.4 Generator Performance Standard. | 145-A |
| 5.5 Outages. | 146 |
| 5.6 System Emergencies. | 147 |
| 5.7 Interconnection to the ISO Controlled Grid. | 148 |
| 5.8 Recordkeeping; Information Sharing. | 149 |
| 5.9 Access Right. | 150 |
| 5.10 Black Start Services. | 150 |
| 6. TRANSMISSION SYSTEM INFORMATION AND COMMUNICATIONS. | 152 |
| 6.1 WEnet. | 152 |
| 6.2 Reliable Operation of the WEnet. | 154 |
| 6.3 Information to be Provided By Connected Entities to the ISO. | 155 |
| 6.4 Failure or Corruption of the WEnet. | 155 |
| 6.5 Confidentiality. | 156 |

| | |
|--|------------|
| 6.6 Standards of Conduct. | 156 |
| 7. TRANSMISSION PRICING. | 157 |
| 7.1 Access Charges. | 157 |
| 7.2 Zonal Congestion Management. | 166 |
| 7.3 Usage Charges and Grid Operations Charges. | 177 |
| 7.4 Transmission Losses. | 183 |
| 8. GRID MANAGEMENT CHARGE. | 186 |
| 8.1 ISO's Obligations. | 186 |
| 8.2 Components of the Grid Management Charge. | 186 |
| 8.3 Allocation of the Grid Management Charge Among Scheduling Coordinators. | 187 |
| 8.4 Calculation and Adjustment of the Grid Management Charge. | 188 |
| 8.5 Operating and Reserve Account. | 188 |
| 8.6 Transition Mechanism | 188 |
| 9. FIRM TRANSMISSION RIGHTS | 189 |
| 9.1 General | 189 |
| 9.2 Characteristics of Firm Transmission Rights | 189 |
| 9.3 Maximum Number of Firm Transmission Rights | 189-B |
| 9.4 Issuance of Firm Transmission Rights by the ISO by Auction | 189-C |
| 9.5 Distribution of Auction Revenues Received by the ISO for Firm Transmission Rights | 189-J |
| 9.6 Distribution of Usage Charges to FTR Holders | 189-J |

| | |
|--|------------|
| 9.7 Scheduling Priority of FTR Holders | 189-L |
| 9.8 Assignment of Firm Transmission Rights | 189-M |
| 10. METERING. | 190 |
| 10.1 Applicability. | 190 |
| 10.2 Responsibilities of ISO Metered Entities | 190 |
| 10.3 Meter Service Agreements for ISO Metered Entities. | 194 |
| 10.4 Low Side Metering. | 196 |
| 10.5 Audit, Testing Inspection and Certification Requirements. | 196 |

| | |
|--|------------|
| 10.6 Metering for Scheduling Coordinator Metered Entities. | 197 |
| 11. ISO SETTLEMENTS AND BILLING. | 203 |
| 11.1 Settlement Principles. | 203 |
| 11.2 Calculations of Settlements. | 204 |
| 11.3 Billing and Payment Process. | 213 |
| 11.4 General Principles for Production of Settlement Statements. | 213-A |
| 11.5 Calculation in the Event of Lack of Meter Data for the Balancing of Market Accounts. | 215 |
| 11.6 Settlements Cycle. | 215 |
| 11.7 Confirmation and Validation. | 217 |
| 11.8 Payment Procedures. | 218-A |
| 11.9 Invoices. | 219 |
| 11.10 Instructions for Payment. | 219 |
| 11.11 ISO's Responsibilities. | 219 |
| 11.12 Non-payment by a Scheduling Coordinator. | 220 |
| 11.13 Payment to ISO Creditors. | 220 |
| 11.14 Using the ISO Reserve Account. | 220 |
| 11.15 Prohibition on transfers. | 221 |
| 11.16 Alternative Payment Procedures. | 221 |
| 11.17 [DELETED] | 221 |

| | |
|---|------------|
| 11.18 Payment Errors. | 222 |
| 11.19 Defaults. | 223 |
| 11.20 Proceedings to Recover Overdue Amounts. | 223 |
| 11.21 Data Gathering and Storage. | 224 |
| 11.22 Confidentiality. | 224 |
| 11.23 Communications. | 225 |
| 11.24 ISO Payments Calendar. | 225 |
| 12. AUDITS. | 226 |
| 12.1 Materials Subject to Audit. | 226 |
| 12.2 ISO Audit Committee. | 226 |
| 12.3 Audit Results. | 228 |
| 12.4 Availability of Records. | 228 |
| 12.5 Confidentiality of Information. | 228 |
| 12.6 Payments. | 228 |
| 13. DISPUTE RESOLUTION. | 230 |
| 13.1 Applicability. | 230 |
| 13.2 Negotiation and Mediation. | 231 |
| 13.3 Arbitration. | 234 |
| 13.4 Appeal of Award. | 243 |
| 14. LIABILITY AND INDEMNIFICATION. | 245 |

| | |
|---|------------|
| 14.1 Liability for Damages. | 245 |
| 14.2 Exclusion of Certain Types of Loss. | 245 |
| 14.3 Market Participant's Indemnity. | 245 |
| 15. UNCONTROLLABLE FORCES. | 246 |
| 16. ISO GRID OPERATIONS COMMITTEE; CHANGES TO ISO PROTOCOLS. | 248 |
| 16.1 ISO Grid Operations Committee | 248 |
| 16.2 ISO Protocol Amendment Process | 248 |
| 16.3 Market Surveillance: Changes to Operating Rules and Protocols | 248 |
| 17. ASSIGNMENT. | 249 |
| 18. TERM AND TERMINATION. | 250 |
| 19. REGULATORY FILINGS. | 251 |
| 20. MISCELLANEOUS. | 252 |
| 20.1 Notice. | 252 |
| 20.2 Waiver. | 253 |
| 20.3 Confidentiality. | 253 |
| 20.4 Staffing and Training To Meet Obligations. | 255-A |
| 20.5 Accounts and Reports. | 256 |
| 20.6 Titles. | 256 |
| 20.7 Applicable Law and Forum. | 256 |

| | |
|--|------------|
| 20.8 Consistency with Federal Laws and Regulations | 256 |
| 21. GENERATION METER MULTIPLIERS. | 259 |
| 21.1 Temporary Simplification Relating to GMM Loss Factors. | 259 |
| 21.2 Application. | 259 |
| 21.3 Notices of Full-Scale Operations. | 260 |
| 22. SCHEDULE VALIDATION TOLERANCES. | 261 |
| 22.1 Temporary Simplification of Schedule Validation Tolerances. | 261 |
| 22.2 Application. | 261 |
| 22.3 Notices of Full-Scale Operations. | 261 |
| 23. [NOT USED] | 263 |
| 24. [NOT USED] | 284 |

| | |
|---|------------|
| 25. [NOT USED] | 285 |
| 26. TEMPORARY CHANGES TO ANCILLARY SERVICES PENALTIES | 286 |
| 26.1 Application and Termination | 286 |
| 27. TEMPORARY RULE LIMITING ADJUSTMENT BIDS APPLICABLE TO DISPATCHABLE LOADS AND EXPORTS | 287 |
| 27.1 Application and Termination | 287 |
| 28. TEMPORARY RULE DISQUALIFYING CERTAIN ENERGY BIDS | 288 |
| 28.1 Application and Termination | 288 |
| 28.2 Disqualification of Certain Energy and Ancillary Service Bids | 288 |
| APPENDIX A - MASTER DEFINITIONS SUPPLEMENT | 289 |
| APPENDIX B - SCHEDULING COORDINATOR AGREEMENT | 359 |
| APPENDIX C - ISO SCHEDULING PROCESS | 365 |
| APPENDIX D - BLACK START UNITS | 369 |
| APPENDIX E - VERIFICATION OF SUBMITTED DATA FOR ANCILLARY SERVICES | 371 |
| APPENDIX F - RATE SCHEDULES | 374 |