

**7.3.1.2 Calculation of Marginal Value of an Inter-Zonal Interface.** The marginal value of an Inter-Zonal Interface is the basis for the Usage Charge associated with the scheduled use of the Inter-Zonal Interface. This price is calculated from the Adjustment Bids of the Scheduling Coordinators and the ISO's computer optimization algorithms, using the procedures described in Section 7.2.

**7.3.1.2.1** The price used to determine the Usage Charge will be the Day-Ahead price for those scheduling in the Day-Ahead Market, or the Hour-Ahead price for those Schedules submitted after the Day-Ahead Market closed.

**7.3.1.2.2** The Day-Ahead prices are calculated based on the Adjustment Bids of the Scheduling Coordinators who participate in the Day-Ahead Market. These Day-Ahead prices are used to calculate Usage Charges for Schedules accepted in the Day-Ahead Market.

**7.3.1.2.3** The Hour-Ahead prices are calculated based on Adjustment Bids submitted or otherwise still in effect after the Day-Ahead procedures have concluded. These prices are applied to all Schedules for the use of the Congested Inter-Zonal Interfaces that have been submitted and accepted after the ISO's Day-Ahead scheduling and Congestion Management have concluded.

**7.3.1.3 Default Usage Charge.** If inadequate or unusable Adjustment Bids have been submitted to the ISO to enable the ISO's Congestion Management to schedule Inter-Zonal Interface capacity on an economic basis, then the ISO will calculate and

purchased/sold the amount of Energy under/over produced in the real time imbalance market at the real time price.

**7.3.1.6 ISO Disbursement of Net Usage Charge Revenues.** The ISO will determine the net Usage Charges on an interface-by-interface basis by subtracting the Usage Charge fees paid to Scheduling Coordinators from the Usage Charge fees paid by Scheduling Coordinators. The net Usage Charge revenues collected by the ISO for each Inter-Zonal Interface shall be, subject to the provisions of Section 7.3.1.7 of the ISO Tariff, paid to: (i) FTR Holders, in accordance with Section 9.6; and (ii) to the extent not paid to FTR Holders, to Participating TOs who own the Inter-Zonal Interfaces (to be credited in turn by them to their Transmission Revenue Balancing Accounts, or, for those Participating TOs that do not have such accounts, to their transmission revenue requirements).

**7.3.1.7 ISO Debit of Net Usage Charge Revenues.** If, after the issuance of Final Day-Ahead Schedules by the ISO, (a) Participating TOs instruct the ISO to reduce interface limits based on operating conditions or (b) an unscheduled transmission outage occurs and as a result of either of those events, Congestion is increased and Available Transfer Capacity is decreased in the Inter-Zonal Interface in the Hour-Ahead Market, the ISO shall: (1) charge each Participating TO and FTR Holder with an amount equal to its proportionate share, based on its financial entitlement to Usage Charges in the Day-Ahead Market in accordance with Section 7.3.1.6, of the product of (i) the Usage Charge in the Day-Ahead Market and (ii) the reduction in Available Transfer Capacity across the Inter-Zonal Interface in the direction of the

Congestion (such amount due to the Participating TOs to be debited by them in turn from their Transmission Revenue Balancing Accounts or, for those Participating TOs that do not have such accounts, to their transmission revenue requirements); (2) charge each Scheduling Coordinator with its proportionate share, based on Schedules in the Day-Ahead Market across the Inter-Zonal Interface in the direction of the Congestion, of the difference between the amount charged to Participating TOs and FTR Holders under clause (1) and the Usage Charges in the Hour-Ahead Market associated with the reduced Available Transfer Capacity across the Congested Inter-Zonal Interface; and (3) credit each Scheduling Coordinator whose Schedule in the Hour-Ahead Market for the transfer of Energy across the Congested Inter-Zonal Interface was adjusted due to the reduction in Available Transfer Capacity an amount equal to the product of the adjustment (in MW) and the Usage Charge in the Hour-Ahead Market (in\$/MW).

**7.3.2 Grid Operations Charge for Intra-Zonal Congestion.**

Scheduling Coordinators whose resources are redispatched by the ISO, in accordance with Intra-Zonal Congestion Management, and in order to accommodate Reliability Must-Run Generation which the ISO requests under Reliability Must-Run Contracts

