

2.2.7.2 Submitting Balanced Schedules. A Scheduling Coordinator shall submit to the ISO only Balanced Schedules in the Day-Ahead Market and the Hour-Ahead Market. A Schedule shall be treated as a Balanced Schedule when aggregate Generation, Inter-Scheduling Coordinator Energy Trades (whether purchases or sales), and imports or exports to or from external Control Areas adjusted for Transmission Losses as appropriate, equals aggregate forecast Demand with respect to all entities for which the Scheduling Coordinator schedules in each Zone. If a Scheduling Coordinator submits a Schedule that is not a Balanced Schedule, the ISO shall reject that Schedule provided that Scheduling Coordinators shall have an opportunity to validate their Schedules prior to the deadline for submission to the ISO by requesting such validation prior to the applicable deadline.

2.2.7.3 Limitation on Trading. A Scheduling Coordinator, UDC or MSS that does not maintain an Approved Credit Rating, as defined with respect to either payment of the Grid Management Charge, or payment of other charges, shall maintain security in accordance with Section 2.2.3.2. For the avoidance of doubt, the ISO Security Amount is intended to cover the entity's outstanding and estimated liability for either (i) Grid Management Charge; and/or (ii) Imbalance Energy, Ancillary Services, Grid Operations Charge, Wheeling Access Charge, High Voltage Access Charge, Transition Charge, Usage Charges, and FERC Annual Charges. Each Scheduling Coordinator, UDC or MSS required to provide an ISO Security Amount under Section 2.2.3.2 shall notify the ISO of the initial ISO Security Amount (separated into amounts securing payment of the Grid Management Charge and amounts securing payments of other charges) that it wishes to provide at least fifteen (15) days in advance and shall ensure that the ISO has received such ISO Security Amount prior to the date the Scheduling Coordinator commences trading or the UDC or MSS commences receiving bills for the High Voltage

Access Charge and Transition Charge. A Scheduling Coordinator, UDC or MSS may at any time increase its ISO Security Amount by providing additional guarantees or credit support in accordance with Section 2.2.3.2. A Scheduling Coordinator, UDC or MSS may reduce its ISO Security Amount by giving the ISO not less than fifteen (15) days notice of the reduction, provided that the Scheduling Coordinator, UDC or MSS is not then in breach of this Section 2.2.7.3. The ISO shall release, or permit a reduction in the amount of, such guarantees or other credit support required to give effect to a permitted reduction in the ISO Security Amount as the Scheduling Coordinator, UDC or MSS may select.

Following the date on which a Scheduling Coordinator commences trading, the Scheduling Coordinator shall not be entitled to submit a Schedule to the ISO and the ISO may reject any Schedule submitted if, at the time of submission, the Scheduling Coordinator's ISO Security Amount is exceeded by the Scheduling Coordinator's estimated aggregate liability for (i) Grid Management Charge and/or Imbalance Energy, Ancillary Services, Grid Operations Charge, Wheeling Access Charge, Usage Charges, and FERC Annual Charges on each Trading Day for which Settlement has not yet been made in accordance with Section 11.3.1 and the Scheduling Coordinator's estimated liability for High Voltage Access Charge and Transition Charge for which Settlement has not yet been made in accordance with Section 11.3. The ISO shall notify a Scheduling Coordinator if at any time such outstanding liabilities exceed 90% of the relevant portion of the ISO Security Amount. For the purposes of calculating the Scheduling Coordinator's estimated aggregate liability, the estimate shall include (1) outstanding charges for Trading Days for which Settlement data is available, and (2) an estimate of charges for Trading Days for which Settlement data is not yet available. To estimate charges for Trading Days for which Settlement data is not yet available, the ISO will consider available historical Settlement data, appropriately adjusted to reflect recent

market prices and trends, or other available information for individual Scheduling

Coordinators.

timing requirements of Section 2.2 where, because of error or delay, the ISO is unable to meet the timing requirements. Any such waiver shall be published on WEnet.

2.2.12.2 Reliability Must Run Information. By no later than two hours before the close of the PX Day-Ahead Market for the Trading Day, the ISO will notify Scheduling Coordinators for Reliability Must-Run Units of the amount and time of Energy requirements from specific Reliability Must-Run Units that the ISO requires to deliver Energy in the Trading Day to the extent that the ISO is aware of such requirements (the "RMR Dispatch Notice"). The Energy to be delivered for each hour of the Trading Day pursuant to the RMR Dispatch Notice (including Energy the RMR Owner is entitled to substitute for Energy from the Reliability Must-Run Unit pursuant to the RMR Contract) shall be referred to as the "RMR Energy".

2.2.12.2.1 No later than one hour before the close of the PX Day-Ahead Market for the Trading Day, any RMR Owner receiving an RMR Dispatch Notice as indicated in this Section 2.2.12.2 (the "Applicable RMR Owner") must notify the ISO through the RMR Owner's Scheduling Coordinator (the "Applicable RMR SC"), with regard to each hour of the Trading Day identified in the RMR Dispatch Notice, of, (i) the amount of its obligation to deliver RMR Energy that it intends to satisfy by delivering the RMR Energy pursuant to a market transaction, and receiving only market compensation therefor (the "RMR Market Energy"), and (ii) the amount of its obligation to deliver RMR Energy that it intends to satisfy by delivering the RMR Energy as a contract transaction, and accepting payment under the relevant RMR Contract (the "RMR Contract Energy"). If the Applicable RMR Owner so notifies the ISO by March 1, 2001, for calendar year 2001, and by January 1 of any subsequent calendar year, the RMR Owner may during that calendar year notify the ISO directly of its choice of payment option, rather than through the Applicable RMR Owner's

Scheduling Coordinator. If the Applicable RMR Owner elects to provide notice of its choice
of

payment option directly, the ISO will not accept notice from the Applicable RMR Owner's Scheduling Coordinator during the relevant calendar year. Notwithstanding anything to the contrary in any RMR Contract, the Applicable RMR Owner may not elect to satisfy its obligation to deliver the RMR Energy specified in the RMR Dispatch Notice by delivering that RMR Energy pursuant to a transaction in the Real Time Market.

2.2.12.2.2 RMR Contract Energy -- For each hour specified in the RMR Dispatch

Notice, the Applicable RMR Owner shall bid the entire amount of the RMR Contract Energy for that hour into the PX Day-Ahead Market at zero dollars per MWh. All RMR Energy delivered under this option shall be deemed delivered under a Nonmarket Transaction for the purposes of the RMR Contract.

2.2.12.2.3 RMR Market Energy – For each hour specified in the RMR Dispatch Notice, the Applicable RMR Owner (i) may bid into the PX Day-Ahead Market any amount of the RMR Market Energy for that hour and (ii) may schedule as a bilateral Day-Ahead transaction any amount of RMR Energy for that hour.

2.2.12.2.3.1 [Not Used]

2.2.12.2.3.1.1 The Preferred Day-Ahead Schedule of the Applicable RMR SC shall include as RMR Energy for each hour no less than the sum of the RMR Contract Energy for that hour and the amount of RMR Market Energy scheduled as a bilateral Day-Ahead transaction for that hour, unless the amount awarded in the PX Day-Ahead Market is less than the amount of the RMR Contract Energy, in which case the Preferred Day-Ahead Schedule shall include the sum of that lesser amount and the amount of RMR Market Energy scheduled as a bilateral Day-Ahead transaction for that hour. If the Preferred Day-Ahead Schedule of the Applicable RMR SC for any hour includes Adjustment Bids for the RMR Unit, the Adjustment Bid shall specify the RMR Energy as the minimum MW output to which the Applicable RMR SC will allow the RMR Unit to be redispatched for that hour.

Notwithstanding anything to the contrary in the RMR Contract, neither the Applicable RMR Owner nor the Applicable RMR SC shall be entitled to any payment from any source for RMR Energy that is not bid and scheduled as required by this Section 2.2.12.2.2. In the event that the RMR Energy is not delivered, (i) if the RMR Energy had been scheduled, the Applicable RMR Owner shall not be entitled to an Availability Payment under the RMR Contract and the Applicable RMR SC shall pay for the Imbalance Energy necessary to replace that RMR Energy, or (ii) if the RMR Energy had not been scheduled, the Applicable RMR Owner shall not be entitled to an Availability Payment under the RMR Contract and, if the variable costs saved by the Owner's failure to deliver the RMR Energy (which shall be equal to the Variable Cost Payment determined pursuant to Schedule C in the RMR Contract) are greater than the

foregone Availability Payment under the RMR Contract, the Applicable RMR Owner shall pay the difference between the variable costs saved and the Availability Payment.

2.2.12.2.3.2 If the Applicable RMR SC's Preferred Day-Ahead Schedule does not include the entire amount of RMR Energy for any hour, the Applicable RMR Owner shall bid all remaining RMR Energy for that hour, net of any RMR Market Energy the Applicable RMR Owner elects to provide through an Hour-Ahead bilateral transaction for that hour, into the next available PX Market for such hour at zero dollars per MWh.

2.2.12.2.3.2.1 The Applicable RMR SC's Preferred Hour-Ahead Schedule for each hour shall include all RMR Energy specified in the RMR Dispatch Notice for that hour, except for the amount of RMR Energy that the Applicable RMR Owner was required to bid into the PX Markets under Section 2.2.12.2.3.2 but was not awarded in such PX Markets for such hour. If the Preferred Hour-Ahead Schedule of the Applicable RMR SC for any hour includes Adjustment Bids for the RMR Unit, the Adjustment Bid shall specify the RMR Energy as the minimum MW output to which the Applicable RMR SC will allow the RMR Unit to be redispatched for that hour.

2.2.12.2.3.3 Whether or not the RMR Energy is in the Final Preferred Schedule, the Applicable RMR Owner must deliver the RMR Energy pursuant to the RMR Dispatch Notice. If the amount of RMR Energy for any hour that is delivered is less than the amount specified for that hour in the RMR Dispatch Notice, the RMR Energy delivered shall be deemed RMR Contract Energy in an amount not to exceed the amount that the Applicable RMR Owner elected to deliver as RMR Contract Energy for that hour; the remainder shall be deemed RMR Market Energy. Notwithstanding anything to the contrary in the RMR Contract, neither the Applicable RMR Owner nor the Applicable RMR SC shall be entitled to any payment from any source for RMR Energy that is not bid and scheduled as required by this Section 2.2.12.2. If the amount of RMR Energy for any hour that is bid and scheduled as required by this Section 2.2.12.2 is less than the amount of RMR Energy specified in the RMR Dispatch Notice for that hour, the RMR Energy bid and scheduled as required shall be deemed RMR Contract Energy in an amount not to exceed the amount that the Applicable RMR Owner elected to deliver as RMR Contract Energy; the remainder shall be deemed RMR Market Energy.

2.2.12.2.4 If, at any time after two hours before the close of the PX Day-Ahead Market for the Trading Day, the ISO determines that it requires additional Energy from specific Reliability Must-Run Units during the Trading Day, the ISO will notify Scheduling Coordinators for such Reliability Must-Run Units of the amount and time of the additional Energy requirements from such Reliability Must-Run Units (the "Supplemental RMR Dispatch Notice"). No later than one hour before the close of the next PX Market for each hour specified in the Supplemental RMR Dispatch Notice, the Applicable RMR Owner must notify the ISO through the the Applicable RMR SC, with regard to each such hour, of (i) the amount of its obligation to deliver RMR Energy specified in the Supplemental RMR Dispatch Notice that it intends to satisfy by delivering RMR Contract Energy, and (ii) the amount of its obligation to deliver RMR Energy that it intends to satisfy by delivering RMR Market

Energy. The Energy specified in the Supplemental Dispatch Notice shall be subject to the same bidding, scheduling, and delivery requirements and pricing provisions specified in this Section 2.2.12.2 as is RMR Energy not included in the Day-Ahead Schedule. If the ISO issues the Supplemental RMR Dispatch Notice less than two hours before the close of the last PX Market for any particular hour of the Trading Day, the Energy specified in the Supplemental Dispatch Notice for such particular hour shall be exempt from the bidding and scheduling requirements and the pricing provisions of this Section 2.2.12.2.

2.2.12.3 Non-PX Demand Information. By 6:00 a.m. on the day preceding the Trading Day, each Scheduling Coordinator (other than the PX) shall provide to the ISO a Demand Forecast specified by UDC Service Area for which it will schedule deliveries for each of the Settlement Periods of the following Trading Day. The ISO shall aggregate the Demand information by UDC Service Area and transmit the aggregate Demand information to each UDC serving such aggregate Demand.

2.2.12.4 The Preferred Schedule of each Scheduling Coordinator for the following Trading Day shall be submitted at or prior to 10:00 a.m. on the day preceding the Trading Day together with any Adjustment Bids and Ancillary Services bids.

2.2.12.5 In submitting its Preferred Schedule, each Scheduling Coordinator shall notify the ISO of any Generating Units or Dispatchable Loads which are not scheduled but have submitted Adjustment Bids and are available for Dispatch at those same Adjustment Bids to assist in relieving Congestion.

2.2.12.6 ISO Analysis of Preferred Schedules. On receipt of the Preferred Schedules, the ISO will analyze the Preferred Schedules of Applicable RMR SCs to determine the compatibility of such Preferred Schedules with the RMR Dispatch Notices. If the ISO identifies mismatches in the scheduled quantity or location for any Inter-Scheduling Coordinator Energy Trade, it will notify the Scheduling Coordinators concerned

