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LONG ISLAND POWER AUTHORITY

OPEN ACCESS

TRANSMISSION TARIFF

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I. COMMON SERVICE PROVISIONS

1 Definitions

- 1.1 Ancillary Services:** Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of LIPA's Transmission System in accordance with Good Utility Practice.
- 1.2 Annual Transmission Costs:** The total annual cost of the Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H until amended by LIPA.
- 1.3 Application:** A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.
- 1.4 Commission:** The Federal Energy Regulatory Commission.
- 1.5 Completed Application:** An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.

- 1.6 Control Area:** An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:
- (1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
 - (2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
 - (3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
 - (4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

- 1.7 Curtailment:** A reduction in firm or non-firm transmission service in response to a transmission capacity shortage as a result of system reliability

conditions.

1.8 Delivering Party: The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.

1.9 Designated Agent: Any entity that performs actions or functions on behalf of LIPA, an Eligible Customer, or the Transmission Customer required under the Tariff.

1.10 Direct Assignment Facilities: Facilities or portions of facilities that are constructed by LIPA for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer.

1.11 Eligible Customer: (i) Any electric utility (including the Transmission Provider and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States,

Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that LIPA offer the unbundled transmission service, or pursuant to a voluntary offer of such service by LIPA. (ii) Any retail customer taking unbundled transmission service pursuant to a state requirement that LIPA offer the transmission service, or pursuant to a voluntary offer of such service by LIPA, is an Eligible Customer under the Tariff.

1.12 Facilities Study: An engineering study conducted by LIPA to determine the required modifications to LIPA's Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested transmission service.

1.13 Firm Point-To-Point Transmission Service:

Transmission Service under this Tariff that is

reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.

1.14 Good Utility Practice: Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

1.15 Interruption: A reduction in non-firm transmission service due to economic reasons pursuant to Section 15.7.

1.16 LIPA: The Long Island Power Authority subsidiary that owns, controls, or operates facilities used for the transmission of electric energy in interstate commerce and provides transmission service under this Tariff over those facilities.

1.17 LIPA's Monthly Transmission System Peak: The maximum firm usage of LIPA's Transmission System in a calendar month.

1.18 Load Ratio Share: Ratio of a Transmission Customer's Network Load to LIPA's total load computed in accordance with Sections 35.2 and 35.3 of the Network Integration Transmission Service under Part III the Tariff and calculated on a rolling twelve month basis.

1.19 Load Shedding: The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.

1.20 Long-Term Firm Point-To-Point Transmission Service:
Firm Point-To-Point Transmission Service under Part

II of the Tariff with a term of one year or more.

1.21 Native Load Customers: The wholesale and retail power customers of LIPA on whose behalf LIPA, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate LIPA's system to meet the reliable electric needs of such customers.

1.22 Network Customer: An entity receiving transmission service pursuant to the terms of LIPA's Network Integration Transmission Service under Part III of the Tariff.

1.23 Network Integration Transmission Service: The transmission service provided under Part III of the Tariff.

1.24 Network Load: The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total

load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where a Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.

1.25 Network Operating Agreement: An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.

1.26 Network Operating Committee: A group made up of representatives from the Network Customer(s) and LIPA established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.

1.27 Network Resource: Any designated generating resource owned, purchased or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis.

1.28 Network Upgrades: Modifications or additions to transmission-related facilities that are integrated with and support LIPA's overall Transmission System for the general benefit of all users of such Transmission System.

1.29 NYPP: The New York Power Pool.

1.30 Non-Firm Point-To-Point Transmission Service:
Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 15.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for

periods ranging from one hour to one month.

1.31 Open Access Same-Time Information System (OASIS):

The information system and standards of conduct contained in Part 37 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.

1.32 Part I: Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.

1.33 Part II: Tariff Sections 14 through 28 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.34 Part III: Tariff Sections 29 through 36 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.35 Parties: LIPA and the Transmission Customer receiving service under the Tariff.

1.36 Point(s) of Delivery: Point(s) on LIPA's

Transmission System where capacity and energy transmitted by LIPA will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

1.37 Point(s) of Receipt: Point(s) of interconnection on LIPA's Transmission System where capacity and energy will be made available to LIPA by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

1.38 Point-To-Point Transmission Service: The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.

1.39 Power Purchaser: The entity that is purchasing the capacity and energy to be transmitted under the Tariff.

- 1.40 Receiving Party:** The entity receiving the capacity and energy transmitted by LIPA to Point(s) of Delivery.
- 1.41 Regional Transmission Group (RTG):** A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.
- 1.42 Reserved Capacity:** The maximum amount of capacity and energy that LIPA agrees to transmit for the Transmission Customer over LIPA's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.
- 1.43 Service Agreement:** The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and LIPA for service under the Tariff.

1.44 Service Commencement Date: The date LIPA begins to provide service pursuant to the terms of an executed Service Agreement, or the date LIPA begins to provide service in accordance with Section 16.3 or Section 30.1 under the Tariff.

1.45 Short-Term Firm Point-To-Point Transmission Service: Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.

1.46 System Impact Study: An assessment by LIPA of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.

1.47 Third-Party Sale: Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.

1.48 Transmission Customer: Any Eligible Customer (or its Designated Agent) that executes a Service

Agreement and/or receives Transmission Service under Part II of the Tariff. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Tariff.

1.49 Transmission Service: Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.

1.50 Transmission System: The facilities owned, controlled or operated by LIPA that are used to provide transmission service under Part II and Part III of the Tariff.

2 Initial Allocation and Renewal Procedures

2.1 Initial Allocation of Available Transmission

Capability: For purposes of determining whether existing capability on LIPA's Transmission System is adequate to accommodate a request for firm service under this Tariff, all Completed Applications for new firm transmission service received during the

initial sixty (60) day period commencing with the effective date of the Tariff will be deemed to have been filed simultaneously. A lottery system conducted by an independent party shall be used to assign priorities for Completed Applications filed simultaneously. All Completed Applications for firm transmission service received after the initial sixty (60) day period shall be assigned a priority pursuant to Section 14.2.

2.2 Reservation Priority For Existing Firm Service

Customers: Existing firm service customers (wholesale requirements and transmission-only, with a contract term of one-year or more), have the right to continue to take transmission service from LIPA when the contract expires, rolls over or is renewed.

This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from LIPA or elects to purchase capacity and energy from another supplier. If at the end of the contract term LIPA's Transmission System cannot accommodate

all of the requests for transmission service, the existing firm service customer must agree to accept a contract term at least equal to a competing request by any new Eligible Customer and to pay the current rate for such service. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of one-year or longer.

3 Ancillary Services

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. LIPA shall provide, and the Transmission Customer shall purchase, the following Ancillary Services (i) Scheduling, System Control and Dispatch, and (ii) Reactive Supply and Voltage Control from Generation Sources.

LIPA shall offer the following Ancillary Services only to the Transmission Customer serving load within LIPA's Control Area (i) Regulation and Frequency Response, (ii) Energy Imbalance, (iii) Operating Reserve - Spinning, and (iv)

Operating Reserve - Supplemental. The Transmission Customer serving load within LIPA's Control Area is required to acquire these Ancillary Services, whether from LIPA, from a third party, or by self-supply. The Transmission Customer may not decline LIPA's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. The Transmission Customer must list in its Application which Ancillary Services it will purchase from LIPA.

LIPA shall specify the rate treatment and all related terms and conditions in the event of an unauthorized use of Ancillary Services by the Transmission Customer.

The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of the Tariff. Three principal requirements apply to discounts for Ancillary Services provided by LIPA in conjunction with its provision of transmission service as follows: (1) any offer of a discount made by LIPA must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's

wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. A discount agreed upon for an Ancillary Service must be offered for the same period to all Eligible Customers on LIPA's system. Sections 3.1 through 3.6 below list the six Ancillary Services.

3.1 Scheduling, System Control and Dispatch Service:

The rates and/or methodology are described in Schedule 1.

3.2 Reactive Supply and Voltage Control from Generation

Sources Service: The rates and/or methodology are described in Schedule 2.

3.3 Regulation and Frequency Response Service: Where

applicable the rates and/or methodology are described in Schedule 3.

3.4 Energy Imbalance Service: Where applicable the

rates and/or methodology are described in Schedule 4.

3.5 Operating Reserve - Spinning Reserve Service: Where

applicable the rates and/or methodology are

described in Schedule 5.

3.6 Operating Reserve - Supplemental Reserve Service:

Where applicable the rates and/or methodology are described in Schedule 6.

4 Open Access Same-Time Information System (OASIS)

Terms and conditions regarding Open Access Same-Time Information System and standards of conduct are set forth in 18 CFR § 37 of the Commission's regulations (Open Access Same-Time Information System and Standards of Conduct for Public Utilities). In the event available transmission capability as posted on the OASIS is insufficient to accommodate a request for firm transmission service, additional studies may be required as provided by this Tariff pursuant to Sections 20 and 33.

5 Tax-Exempt Debt

5.1 Facilities Financed by Tax-Exempt Debt:

Notwithstanding any other provision of this Tariff, LIPA shall not be required to provide transmission service to any Eligible Customer pursuant to this Tariff if the provision of such transmission service would jeopardize the tax-exempt status of any LIPA

tax-exempt debt.

If LIPA determines that the provision of transmission service requested by an Eligible Customer would jeopardize the tax-exempt status of any tax-exempt debt used to finance its facilities, it shall advise the Eligible Customer within thirty (30) days of receipt of the Completed Application.

6 Reciprocity

A Transmission Customer receiving transmission service under this Tariff agrees to provide comparable transmission service that it is capable of providing to LIPA on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates. A Transmission Customer that is a member of a power pool or Regional Transmission Group also agrees to provide comparable transmission service to the members of such power pool and Regional Transmission Group on similar terms and conditions over facilities used for the transmission of electric energy

owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates.

This reciprocity requirement applies not only to the Transmission Customer that obtains transmission service under the Tariff, but also to all parties to a transaction that involves the use of transmission service under the Tariff, including the power seller, buyer and any intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request transmission service under the Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn statement of one of its duly authorized officers or other representatives that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

7 Billing and Payment

7.1 Billing Procedure: Within a reasonable time after

the first day of each month, LIPA shall submit an invoice to the Transmission Customer for the charges for all services furnished under the Tariff during the preceding month. The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to "LIPA," or by wire transfer to a bank named by LIPA.

7.2 Interest on Unpaid Balances: Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by LIPA.

7.3 Customer Default: In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to LIPA

on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after LIPA notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, LIPA may initiate procedures under Section 12 of this Tariff to terminate service, but shall not terminate service until it obtains approval for any such request pursuant to Section 12. In the event of a billing dispute between LIPA and the Transmission Customer, LIPA will continue to provide service under the Service Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then LIPA may provide notice to the Transmission Customer of its intention to terminate service

pursuant to this Section 7.3.

8 Accounting for LIPA's Use of the Tariff

LIPA shall record the following amounts, as outlined below.

8.1 Transmission Revenues: Include in a separate operating revenue account or subaccount the revenues it receives from Transmission Service when making Third-Party Sales under Part II of the Tariff.

8.2 Study Costs and Revenues: Include in a separate transmission operating expense account or subaccount, costs properly chargeable to expense that are incurred to perform any System Impact Studies or Facilities Studies which LIPA conducts to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including making Third-Party Sales under the Tariff; and include in a separate operating revenue account or subaccount the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in the Transmission Customer's billing under the

Tariff.

9 Force Majeure and Indemnification

9.1 Force Majeure: An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither LIPA nor the Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

9.2 Indemnification: The Transmission Customer shall at all times indemnify, defend, and save LIPA harmless

from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from LIPA's performance of its obligations under this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by LIPA.

10 Creditworthiness

For the purpose of determining the ability of the Transmission Customer to meet its obligations related to service hereunder, LIPA may require reasonable credit review procedures. This review shall be made in accordance with standard commercial practices. In addition, LIPA may require the Transmission Customer to provide and maintain in effect during the term of the Service Agreement, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under the Tariff, or an alternative form of security proposed by the Transmission

Customer and acceptable to LIPA and consistent with commercial practices established by the Uniform Commercial Code that protects LIPA against the risk of non-payment.

11 Dispute Resolution Procedures

11.1 Applicability of Section 11: The provisions of Section 11 shall be the exclusive basis by which to resolve all disputes arising under the Tariff, except as otherwise provided in Section 11 and except for those disputes resulting from LIPA's proposed termination of service under Section 12.

11.2 Internal Dispute Resolution Procedures: Any dispute between a Transmission Customer and LIPA involving transmission service under the Tariff (excluding any issues arising out of LIPA's proposed termination of service under Section 12 and disputes regarding changes to the rates, rate methodologies or non-rate terms and conditions in this Tariff, or any Service Agreement entered into under the Tariff but including disputes regarding LIPA's proposed charges for Direct Assignment Facilities, Network Upgrades, Stranded Costs, and redispatch costs) shall be

referred to a designated senior representative of LIPA and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days (or such other period as the Parties may agree upon) by mutual agreement, such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

11.3 External Arbitration Procedures: Any arbitration initiated under this Section 11 shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable

in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

11.4 Decision Making Standards: The arbitrator(s) shall resolve disputes regarding LIPA's proposed charges for Direct Assignment Facilities, Network Upgrades, redispatch costs and stranded costs in accordance with the Commission's policy for recovery of such costs by public utilities. All disputes shall be resolved consistent with Commission Order No. 888, as may be amended.

11.5 Arbitration Decisions: Unless otherwise agreed, the arbitrator(s) shall render a decision to disputes

under this Section 11 within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Tariff and any Service Agreement entered into under the Tariff and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act.

11.6 Costs: Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

- (A) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of

the cost of the third arbitrator chosen; or
(B) one half the cost of the single arbitrator
jointly chosen by the Parties.

12 Termination of Service By the Transmission Provider on Account of Customer Default.

12.1 Notice and Request for Dispute Resolutions

Procedures: Prior to terminating service pursuant to the provisions of Section 7.3, LIPA shall provide written notice to the Transmission Customer of its intent to terminate service at least sixty (60) days prior to the date such termination is proposed to take effect. If the Transmission Customer does not request in writing to LIPA, within seven (7) calendar days of the Transmission Customer's receipt of notice, that LIPA initiate the arbitration provisions of this Section 12, LIPA shall terminate service on the date contained in its notice to the Transmission Customer. If the Transmission Customer requests in writing that the Transmission Provider initiate arbitration proceedings, the provisions of

Section 12.2 through 12.5 shall apply.

12.2 External Arbitration Procedures: Any arbitration initiated under this Section 12 shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within five (5) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within ten (10) days select a third arbitrator to chair the arbitration panel.

In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any Party to the arbitration (except prior arbitration).

The arbitrator(s) shall provide each of

the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the rules of the American Arbitration Association.

12.3 Decisionmaking Standards: The arbitrator(s) shall resolve disputes under Section 12 in accordance with Good Utility Practice.

12.4 Arbitration Decisions: Unless otherwise agreed, the arbitrator(s) shall render a decision to disputes under Section 12 at least five (5) business days prior to the date provided by LIPA in its notice to the Transmission Customer pursuant to Section 12 and shall notify the Parties in writing of such decision and the reasons therefor.

A failure to render a decision within said time shall be considered approval of LIPA's request to terminate, unless the arbitrator(s) issue a written statement

finding that LIPA took actions intending to delay a decision beyond said time limit and that such actions resulted in the failure to render an opinion within said time. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Tariff and any Service Agreement entered into under this Tariff and shall have no power to modify or change any of the above in any manner. LIPA may terminate service immediately upon the issuance by the arbitrator(s) of a decision approving the notice to terminate. The decision of the arbitrator(s) shall be final and binding upon the Parties, provided that all final decisions of the arbitrator(s) shall be filed with the Commission. Any final decision of the arbitrator(s), or any aspect thereof, that the Commission determines would adversely affect LIPA's satisfaction of the reciprocity requirement

set forth in the Commission's Order 888 and the transmission tariffs of public utilities filed thereunder shall be amended consistent with any Commission determination thereon, provided that the Transmission Provider and Transmission Customer may seek review of the Commission's determination in a court of competent jurisdiction.

12.5 Costs: Each Party shall be responsible for its own costs incurred during the arbitration process and the following costs, if applicable:

- (A) the cost of the arbitrator chosen by the Party to sit on the three-member panel and one half of the cost of the third arbitrator chosen; or
- (b) one half of the cost of the single arbitrator jointly chosen by the Parties.

13 Changes to this Tariff by LIPA and Tariff Availability

13.1 Unilateral Right to Change: Notwithstanding any other provision in this Tariff or a Service Agreement, LIPA shall have the right unilaterally to make a change in rates, charges, classification of service, or any rule, regulation, or Service Agreement related thereto. LIPA will notify current Transmission Customers thirty (30) days before a change becomes effective.

13.2 Tariff Availability: Notwithstanding any other provision of this Tariff, LIPA may terminate this Tariff and all Service Agreements hereunder, effective immediately and without satisfying the requirements of any other provisions of this Tariff, if the Commission issues an order that modifies either directly or indirectly, any previously issued declaratory order finding this tariff to be in compliance with the reciprocity provisions applicable to public utilities under the Federal Power Act, or a court of competent jurisdiction vacates any Commission order and thereby calls into

question whether this tariff satisfies the reciprocity provisions and LIPA determines such Commission orders or court actions to be unacceptable to LIPA, in its sole discretion. Further, nothing contained in this Tariff shall restrict LIPA's right, unilaterally, to withdraw the Tariff at any time. Except as otherwise provided in this section 13.2, such withdrawal shall not affect existing Service Agreements for Firm Point-to-Point Transmission Service or Network Integration Service entered into under the Tariff. Upon such withdrawal of this Tariff, all Service Agreements for Non-Firm Point-to-Point Transmission Service shall terminate immediately, provided that LIPA shall complete Non-Firm Point-to-Point Transmission Service for specific scheduled Non-Firm Point-to-Point Transmission Service transactions prior to the date of termination of the Tariff (not to exceed service for three months). LIPA shall provide at least 30 days notice of its intent to terminate this Tariff to Transmission Customers that have entered into

Service Agreements for Non-Firm Point-to-Point
Transmission Service.

13.3 Termination of Service Agreement: LIPA may
terminate any Service Agreement which it determines
may jeopardize the tax-exempt status of its debt.

II. POINT-TO-POINT TRANSMISSION SERVICE

Preamble

LIPA will provide Firm and Non-Firm Point-To-Point
Transmission Service pursuant to the applicable terms and
conditions of this Tariff. Point-To-Point Transmission
Service is for the receipt of capacity and energy at
designated Point(s) of Receipt and the transmission of such
capacity and energy to designated Point(s) of Delivery.

14 Nature of Firm Point-To-Point Transmission Service

14.1 Term: The minimum term of Firm Point-To-Point
Transmission Service shall be one day and the
maximum term shall be specified in the Service
Agreement.

14.2 Reservation Priority: Long-Term Firm Point-To-Point
Transmission Service shall be available on a first-

come, first-served basis i.e., in the chronological sequence in which each Transmission Customer has reserved service. Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction. If the Transmission System becomes oversubscribed, requests for longer term service may preempt requests for shorter term service up to the following deadlines: one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transmission capability is insufficient to satisfy all Applications, an Eligible Customer with a reservation for shorter term service has the right of first refusal to match any longer term reservation before losing its reservation priority.

A longer term competing request for Short-Term Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first

refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 14.8) from being notified by LIPA of a longer-term competing request for Short-Term Firm Point-To-Point Transmission Service. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff. Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in Section 2.2.

14.3 Use of Firm Transmission Service by LIPA: LIPA will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales on or after the effective date of this Tariff. LIPA will maintain separate accounting, pursuant to

Section 8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

14.4 Service Agreements: LIPA shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Long-Term Firm Point-To-Point Transmission Service. LIPA shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it first submits a Completed Application for Short-Term Firm Point-To-Point Transmission Service pursuant to the Tariff.

14.5 Transmission Customer Obligations for Facility

Additions or Redispatch Costs: In cases where LIPA determines that the Transmission System is not capable of providing Firm Point-To-Point Transmission Service without (1) degrading or impairing the reliability of service to Native Load Customers, Network Customers and other Transmission Customers taking Firm Point-To-Point Transmission Service, or (2) interfering with LIPA's ability to

meet prior firm contractual commitments to others, LIPA will be obligated to expand or upgrade its Transmission System pursuant to the terms of Section 16.4. The Transmission Customer must agree to compensate LIPA for any necessary transmission facility additions pursuant to the terms of Section 28. To the extent LIPA can relieve any system constraint more economically by redispatching LIPA's resources than through constructing Network Upgrades, it shall do so, provided that the Eligible Customer agrees to compensate LIPA pursuant to the terms of Section 28. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service.

14.6 Curtailment of Firm Transmission Service: In the event that a Curtailment on LIPA's Transmission System, or a portion thereof, is required to maintain reliable operation of such system,

Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, LIPA will curtail service to Network Customers and Transmission Customers taking Firm Point-To-Point Transmission Service on a basis comparable to the curtailment of service to LIPA's Native Load Customers. All Curtailments will be made on a non-discriminatory basis, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. When LIPA determines that an electrical emergency exists on its Transmission System and implements emergency procedures to Curtail Firm Transmission Service, the Transmission Customer shall make the required reductions upon request of LIPA. However, LIPA reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when, in LIPA's sole discretion, an emergency

or other unforeseen condition impairs or degrades the reliability of its Transmission System. LIPA will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments.

14.7 Classification of Firm Transmission Service:

- (a) The Transmission Customer taking Firm Point-To-Point Transmission Service may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 23.1 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 23.2.
- (b) The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on LIPA's Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant in which case the units would be treated as a single Point of

Receipt.

- (c) LIPA shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. Each Point of Delivery at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be as mutually

agreed upon by the Parties for Short-Term Firm Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 23. LIPA shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by LIPA) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery.

14.8 Scheduling of Firm Point-To-Point Transmission

Service: Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service must be

submitted to LIPA no later than 10:00 a.m. of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. will be accommodated, if practicable. Hour-to-hour schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within LIPA's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their service requests at a common point of receipt into units of 1,000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. LIPA will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules.

Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify LIPA, and LIPA shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

15 Nature of Non-Firm Point-To-Point Transmission Service

15.1 Term: Non-Firm Point-To-Point Transmission Service will be available for periods ranging from one (1) hour to one (1) month. However, a Purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 19.3.

15.2 Reservation Priority: Non-Firm Point-To-Point Transmission Service shall be available from transmission capability in excess of that needed for

reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned to reservations with a longer duration of service. In the event the Transmission System is constrained, competing requests of equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term reservation before being preempted. A longer term competing request for Non-Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by LIPA; and, (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in

section 15.6) for Non-Firm Point-To-Point Transmission Service other than hourly transactions after notification by LIPA. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

15.3 Use of Non-Firm Point-To-Point Transmission Service

by LIPA: LIPA will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales on or after the effective date of this Tariff. LIPA will maintain separate accounting, pursuant to Section 8, for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.

15.4 Service Agreements: LIPA shall offer a standard form Non-Firm Point-To-Point Transmission Service Agreement (Attachment B) to an Eligible Customer

when it first submits a Completed Application for Non-Firm Point-To-Point Transmission Service pursuant to the Tariff.

15.5 Classification of Non-Firm Point-To-Point

Transmission Service: Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in Part II of the Tariff. LIPA undertakes no obligation under the Tariff to plan its Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. LIPA shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by LIPA) exceeds its non-firm capacity reservation. Non-Firm Point-To-Point Transmission Service shall

include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule 8.

15.6 Scheduling of Non-Firm Point-To-Point Transmission

Service: Schedules for Non-Firm Point-To-Point Transmission Service must be submitted to LIPA no later than 2:00 p.m. of the day prior to commencement of such service. Schedules submitted after 2:00 p.m. will be accommodated, if practicable. Hour-to-hour schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within LIPA's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the

Delivering Party and Receiving Party also agree to the schedule modification. LIPA will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules.

Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify LIPA, and LIPA shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

15.7 Curtailment or Interruption of Service: LIPA

reserves the right to Curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when, an emergency or other unforeseen condition threatens to impair or degrade the reliability of its Transmission System. LIPA reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff

for economic reasons in order to accommodate (1) a request for Firm Transmission Service, (2) a request for Non-Firm Point-To-Point Transmission Service of greater duration, (3) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price, or (4) transmission service for Network Customers from non-designated resources. LIPA also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions

will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. LIPA will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice.

16 Service Availability

16.1 General Conditions: LIPA will provide Firm and Non-Firm Point-To-Point Transmission Service over, on or across its Transmission System to any Transmission Customer that has met the requirements of Section 17.

16.2 Determination of Available Transmission Capability:

A description of LIPA's specific methodology for assessing available transmission capability posted on NYPP's OASIS (Section 4) is contained in Attachment C of the Tariff. In the event sufficient transmission capability may not exist to accommodate a service request, LIPA will respond by performing a System Impact Study.

16.3 Initiating Service in the Absence of an Executed

Service Agreement: If LIPA and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on the non-rate terms and conditions of the Point-To-Point Service Agreement, upon written request from the Transmission Customer, LIPA and the Transmission Customer shall submit the disputed non-rate terms and conditions to the dispute resolution procedures pursuant to Section 11. LIPA shall commence providing Transmission Service under an unexecuted Service Agreement containing rates, terms and conditions deemed appropriate by LIPA for the

requested Transmission Service subject to the Transmission Customer agreeing to (i) compensate LIPA under rates and charges ultimately determined to be lawful and (ii) comply with the terms and conditions of the Tariff including posting appropriate security deposits in accordance with the terms of Section 18.3.

16.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the

Transmission System: If LIPA determines that it cannot accommodate a Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, LIPA will use due diligence to expand or modify its Transmission System to provide the requested Firm Transmission Service, provided the Transmission Customer agrees to compensate LIPA for such costs pursuant to the terms of Section 28. LIPA will conform to Good Utility Practice in determining the need for new facilities and in the design and construction of such facilities. The obligation

applies only to those facilities that LIPA has the right to expand or modify.

16.5 Deferral of Service: LIPA may defer providing service until it completes construction of new transmission facilities or upgrades needed to provide Firm Point-To-Point Transmission Service whenever LIPA determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.

16.6 Other Transmission Service Schedules: Eligible Customers receiving transmission service under other agreements may continue to receive transmission service under those agreements.

16.7 Real Power Losses: Real Power Losses are associated with all transmission service. LIPA is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as calculated by LIPA. The applicable Real Power Loss factor is five (5) percent.

17 Transmission Customer Responsibilities**17.1 Conditions Required of Transmission Customers:**

Point-To-Point Transmission Service shall be provided by LIPA only if the following conditions are satisfied by the Transmission Customer:

- a. The Transmission Customer has pending a Completed Application for service;
- b. The Transmission Customer meets the creditworthiness criteria set forth in Section 10;
- c. The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to LIPA prior to the time service under Part II of the Tariff commences;
- d. The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the Tariff, whether or not the Transmission Customer takes service for the full term of its reservation; and

- e. The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 16.3.

17.2 Transmission Customer Responsibility for Third-Party

Arrangements: Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by LIPA, notification to LIPA identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by LIPA pursuant to Part II of the Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, LIPA will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

Service

18.1 Application: A request for Firm Point-To-Point Transmission Service for periods of one year or longer must contain a written Application to: Transmission Manager, Long Island Power Authority, 333 Earle Ovington Boulevard, Suite 403, Uniondale, New York 11553, at least sixty (60) days in advance of the calendar month in which service is to commence. LIPA will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year shall be subject to expedited procedures that shall be negotiated between the Parties within the time constraints provided in Section 18.5. All Firm Point-To-Point Transmission Service requests should be submitted by entering the information listed below on NYPP's OASIS. Prior to implementation of NYPP's OASIS, a Completed Application may be submitted by (i) transmitting the required information to LIPA by telefax, or (ii) providing the information by telephone over LIPA's time

recorded telephone line. Each of these methods will provide a time-stamped record for establishing the priority of the Application.

18.2 Completed Application: A Completed Application

shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. LIPA will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to RTG transmission information sharing agreements. LIPA shall treat this information consistent with the standards of conduct contained in Part 37 of the

Commission's regulations;

- (v) A description of the supply characteristics of the capacity and energy to be delivered;
- (vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (vii) The Service Commencement Date and the term of the requested Transmission Service; and
- (viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on LIPA's Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement.

LIPA shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

18.3 Deposit: A Completed Application for Firm Point-To-Point Transmission Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected by LIPA because it does not meet the conditions for service as set forth herein,

or in the case of requests for service arising in connection with losing bidders in a Request For Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by LIPA in connection with the review of the losing bidder's Application. The deposit also will be returned with interest less any reasonable costs incurred by LIPA if LIPA is unable to complete new facilities needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Firm Point-To-Point Transmission Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by LIPA to the extent such costs have not already been recovered by LIPA from the Eligible Customer. LIPA will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to

the provisions of Section 20. If a Service Agreement for Firm Point-To-Point Transmission Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the Service Agreement for Firm Point-To-Point Transmission Service. Applicable interest shall be computed in accordance with the Commission's regulations at 18 CFR § 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to LIPA's account.

18.4 Notice of Deficient Application: If an Application fails to meet the requirements of the Tariff, LIPA shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. LIPA will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, LIPA shall return the Application, along with any deposit, with interest. Upon receipt of a new or revised Application that fully complies with the requirements of Part II of

the Tariff, the Eligible Customer shall be assigned a new priority consistent with the date of the new or revised Application.

18.5 Response to a Completed Application: Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, LIPA shall make a determination of available transmission capability as required in Section 16.2. LIPA shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application either (i) if it will be able to provide service without performing a System Impact Study or (ii) if such a study is needed to evaluate the impact of the Application pursuant to Section 20.1. Responses by LIPA must be made as soon as practicable to all completed applications (including applications by its own merchant function) and the timing of such responses must be made on a non-discriminatory basis.

18.6 Execution of Service Agreement: Whenever LIPA determines that a System Impact Study is not

required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Where a System Impact Study is required, the provisions of Section 20 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement or request resolution of disputed terms of the Service Agreement pursuant to Section 16.3, within fifteen (15) days after it is tendered by LIPA will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

18.7 Extensions for Commencement of Service: The Transmission Customer can obtain up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal

to one-month's charge for Firm Transmission Service for each year or fraction thereof. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

**19 Procedures for Arranging Non-Firm Point-To-Point
Transmission Service**

19.1 Application: Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to LIPA. Applications should

be submitted by entering the information listed below on NYPP's OASIS. Prior to implementation of NYPP's OASIS, a Completed Application may be submitted by (i) transmitting the required information to LIPA by telefax, or (ii) providing the information by telephone over LIPA's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application.

19.2 Completed Application: A Completed Application

shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The Point(s) of Receipt and the Point(s) of Delivery;
- (iv) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and

- (v) The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, LIPA also may ask the Transmission Customer to provide the following:

- (vi) The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and
- (vii) The electrical location of the ultimate load.

LIPA will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG transmission information sharing agreements. LIPA shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

19.3 Reservation of Non-Firm Point-To-Point Transmission

Service: Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than two (2) days before service is to commence, and requests for hourly service shall be submitted no earlier than noon the day before service is to commence. Requests for service received later than 1:00 p.m. prior to the day service is scheduled to commence will be accommodated if practicable.

19.4 Determination of Available Transmission Capability:

Following receipt of a tendered schedule LIPA will make a determination on a non-discriminatory basis of available transmission capability pursuant to Section 16.2. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service (i) thirty (30) minutes for hourly service, (ii) thirty (30) minutes for

daily service, (iii) four (4) hours for weekly service, and (iv) two (2) days for monthly service.

**20 Additional Study Procedures For Firm Point-To-Point
Transmission Service Requests**

20.1 Notice of Need for System Impact Study: After receiving a request for service, LIPA shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of LIPA's methodology for completing a System Impact Study is provided in Attachment D. If LIPA determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. In such cases, LIPA shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse LIPA for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return

it to LIPA within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 18.3, shall be returned with interest.

20.2 System Impact Study Agreement and Cost

Reimbursement:

(i) The System Impact Study Agreement will clearly specify LIPA's estimate of the actual cost, and time for completion of the System Impact Study.

The charge shall not exceed the actual cost of the study. In performing the System Impact Study, LIPA shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service

on the Transmission System.

- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for LIPA to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.
- (iii) For System Impact Studies that LIPA conducts on its own behalf, LIPA shall record the cost of the System Impact Studies pursuant to Section 21.

20.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study Agreement, LIPA will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify any system constraints and redispatch options, additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. In the event that LIPA is unable to complete the required System Impact Study within such time period, it

shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer. LIPA will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. LIPA shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or submit a modified Service Agreement pursuant to Section 16.3, or the Application shall be deemed terminated and withdrawn.

20.4 Facilities Study Procedures: If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, LIPA, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse LIPA for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to LIPA within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 18.3, shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, LIPA will use due diligence to complete the required Facilities Study within a sixty (60) day period. If LIPA is unable to complete the Facilities Study in the allotted

time period, LIPA shall notify the Transmission Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Transmission Customer, (ii) the Transmission Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Part II of the Tariff, and (iii) the time required to complete such construction and initiate the requested service. The Transmission Customer shall provide LIPA with a letter of credit or other reasonable form of security acceptable to LIPA equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Transmission Customer shall have thirty (30) days to execute a Service Agreement or request resolution of disputed terms of the

Service Agreement and provide the required letter of credit or other form of security or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn.

20.5 Facilities Study Modifications: Any change in design arising from inability to site or construct facilities as proposed will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of LIPA that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer pursuant to the provisions of Part II of the Tariff.

20.6 Due Diligence in Completing New Facilities: LIPA shall use due diligence to add necessary facilities or upgrade its Transmission System within a reasonable time. LIPA will not upgrade its existing or planned Transmission System in order to provide

the requested Firm Point-To-Point Transmission Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.

20.7 Partial Interim Service: If LIPA determines that it will not have adequate transmission capability to satisfy the full amount of a Completed Application for Firm Point-To-Point Transmission Service, LIPA nonetheless shall be obligated to offer and provide the portion of the requested Firm Point-To-Point Transmission Service that can be accommodated without addition of any facilities and through redispatch. However, LIPA shall not be obligated to provide the incremental amount of requested Firm Point-To-Point Transmission Service that requires the addition of facilities or upgrades to the Transmission System until such facilities or upgrades have been placed in service.

20.8 Expedited Procedures for New Facilities: In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the

process by requesting LIPA to tender at one time, together with the results of required studies, an "Expedited Service Agreement" pursuant to which the Eligible Customer would agree to compensate LIPA for all costs incurred pursuant to the terms of the Tariff. In order to exercise this option, the Eligible Customer shall request in writing an expedited Service Agreement covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in providing the requested service. While LIPA agrees to provide the Eligible Customer with its best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding and the Eligible Customer must agree in writing to compensate LIPA for all costs incurred pursuant to the provisions of the Tariff. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer's

request for service will cease to be a Completed Application and will be deemed terminated and withdrawn.

21 Procedures if LIPA is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service

21.1 Delays in Construction of New Facilities: If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, LIPA shall promptly notify the Transmission Customer. In such circumstances, LIPA shall within thirty (30) days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer to evaluate the alternatives available to the Transmission Customer. LIPA also shall make available to the Transmission Customer studies and work papers related to the delay, including all information that is in the possession of LIPA that is reasonably needed by the Transmission Customer to evaluate any alternatives.

21.2 Alternatives to the Original Facility Additions:

When the review process of Section 21.1 determines that one or more alternatives exist to the originally planned construction project, LIPA shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to maintain its Completed Application subject to construction of the alternative facilities, it may request LIPA to submit a revised Service Agreement for Firm Point-To-Point Transmission Service. If the alternative approach solely involves Non-Firm Point-To-Point Transmission Service, LIPA shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service. In the event LIPA concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures pursuant to Section 11.

21.3 Refund Obligation for Unfinished Facility Additions:

If **LIPA** and the Transmission Customer mutually

agree that no other reasonable alternatives exist and the requested service cannot be provided out of existing capability under the conditions of Part II of the Tariff, the obligation to provide the requested Firm Point-To-Point Transmission Service shall terminate and any deposit made by the Transmission Customer shall be returned with interest pursuant to Commission regulations 35.19a(a)(2)(iii). However, the Transmission Customer shall be responsible for all prudently incurred costs by LIPA through the time construction was suspended.

22 Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities

22.1 Responsibility for Third-Party System Additions:

LIPA shall not be responsible for making arrangements for any necessary engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. LIPA will undertake

reasonable efforts to assist the Transmission Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

22.2 Coordination of Third-Party System Additions: In circumstances where the need for transmission facilities or upgrades is identified pursuant to the provisions of Part II of the Tariff, and if such upgrades further require the addition of transmission facilities on other systems, LIPA shall have the right to coordinate construction on its own system with the construction required by others. LIPA, after consultation with the Transmission Customer and representatives of such other systems, may defer construction of its new transmission facilities, if the new transmission facilities on another system cannot be completed in a timely manner. LIPA shall notify the Transmission Customer in writing of the basis for any decision to defer construction and the specific problems which must be

resolved before it will initiate or resume construction of new facilities. Within sixty (60) days of receiving written notification by LIPA of its intent to defer construction pursuant to this section, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures pursuant to Section 11.

23 Changes in Service Specifications

23.1 Modifications On a Non-Firm Basis: The Transmission Customer taking Firm Point-To-Point Transmission Service may request LIPA to provide transmission service on a non-firm basis over Receipt and Delivery Points other than those specified in the Service Agreement ("Secondary Receipt and Delivery Points"), in amounts not to exceed its firm capacity reservation, without incurring an additional Non-Firm Point-To-Point Transmission Service charge or executing a new Service Agreement, subject to the following conditions.

- (a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-

available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by LIPA on behalf of its Native Load Customers.

- (b) The sum of all Firm and non-firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.
- (c) The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified in the relevant Service Agreement in the amount of its original capacity reservation.
- (d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under the Tariff. However, all other requirements of Part II of the Tariff (except as to transmission rates)

shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

23.2 Modification On a Firm Basis: Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 18 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement.

24 Sale or Assignment of Transmission Service

24.1 Procedures for Assignment or Transfer of Service:

Subject to LIPA's approval, a Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The

Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to the Reseller shall not exceed the higher of (i) the original rate paid by the Reseller, (ii) LIPA's maximum rate on file at the time of the assignment, or (iii) the Reseller's opportunity cost capped at LIPA's cost of expansion. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. A Reseller should notify LIPA as soon as possible after any assignment or transfer of service occurs but in any event, notification must be provided prior to any provision of service to the Assignee. The Assignee will be subject to all terms and conditions of this Tariff. If the Assignee requests a change in service, the reservation

priority of service will be determined by LIPA pursuant to Section 14.2.

24.2 Limitations on Assignment or Transfer of Service:

If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, LIPA will consent to such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of LIPA's generation, transmission, or distribution systems. The Assignee shall compensate LIPA for performing any System Impact Study needed to evaluate the capability of the Transmission System to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain liable for the performance of all obligations under the Service Agreement, except as specifically agreed to by the Parties through an amendment to the Service Agreement.

24.3 Information on Assignment or Transfer of Service:

In accordance with Section 4, Resellers may use

NYPP's OASIS to post transmission capacity available for resale.

25 Metering and Power Factor Correction at Receipt and Delivery Points(s)

25.1 Transmission Customer Obligations: Unless otherwise agreed, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under Part II of the Tariff and to communicate the information to LIPA. Such equipment shall remain the property of the Transmission Customer.

25.2 LIPA Access to Metering Data: LIPA shall have access to metering data, which may reasonably be required to facilitate measurements and billing under the Service Agreement.

25.3 Power Factor: Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as LIPA pursuant

to Good Utility Practices. LIPA requires the normal power factor for delivery at the Point(s) of Delivery to be no less than ninety percent (90%) lagging.

26 Compensation for Transmission Service

Rates for Firm and Non-Firm Point-To-Point Transmission Service are provided in the Schedules appended to the Tariff:

Firm Point-To-Point Transmission Service (Schedule 7); and Non-Firm Point-To-Point Transmission Service (Schedule 8).

LIPA shall use Part II of the Tariff to make its Third-Party Sales. LIPA shall account for such use at the applicable Tariff rates, pursuant to Section 8.

27 Stranded Cost Recovery

LIPA may seek to recover stranded costs from the Transmission Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888.

28 Compensation for New Facilities and Redispatch Costs

Whenever a System Impact Study performed by LIPA in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities,

the Transmission Customer shall be responsible for such costs to the extent consistent with Commission policy. Whenever a System Impact Study performed by LIPA identifies capacity constraints that may be relieved more economically by redispatching LIPA's resources than by building new facilities or upgrading existing facilities to eliminate such constraints, the Transmission Customer shall be responsible for the redispatch costs to the extent consistent with Commission policy.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

Preamble

LIPA will provide Network Integration Transmission Service pursuant to the applicable terms and conditions contained in the Tariff and Service Agreement. Network Integration Transmission Service allows the Network Customer to integrate, economically dispatch and regulate its current and planned Network Resources to serve its Network Load in a manner comparable to that in which LIPA utilizes its Transmission System to serve its Native Load Customers.

Network Integration Transmission Service also may be used by the Network Customer to deliver economy energy purchases to its Network Load from non-designated resources on an as-available basis without additional charge. Transmission service for sales to non-designated loads will be provided pursuant to the applicable terms and conditions of Part II of the Tariff.

29 Nature of Network Integration Transmission Service

29.1 Scope of Service: Network Integration Transmission Service is a transmission service that allows Network Customers to efficiently and economically utilize their Network Resources (as well as other non-designated generation resources) to serve their Network Load located in LIPA's Control Area and any additional load that may be designated pursuant to Section 32.3 of the Tariff. The Network Customer taking Network Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section 3.

29.2 LIPA Responsibilities: LIPA will plan, construct, operate and maintain its Transmission System in

accordance with Good Utility Practice in order to provide the Network Customer with Network Integration Transmission Service over LIPA's Transmission System. LIPA, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network Customer under Part III of this Tariff. This information must be consistent with the information used by LIPA to calculate available transmission capability. LIPA shall include the Network Customer's Network Load in its Transmission System planning and shall, consistent with Good Utility Practice, endeavor to construct and place into service sufficient transmission capacity to deliver the Network Customer's Network Resources to serve its Network Load on a basis comparable to LIPA's delivery of its own generating and purchased resources to its Native Load Customers.

29.3 Network Integration Transmission Service: LIPA will provide firm transmission service over its Transmission System to the Network Customer for the

delivery of capacity and energy from its designated Network Resources to service its Network Loads on a basis that is comparable to LIPA's use of the Transmission System to reliably serve its Native Load Customers.

29.4 Secondary Service: The Network Customer may use LIPA's Transmission System to deliver energy to its Network Loads from resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as-available basis, at no additional charge. Deliveries from resources other than Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under Part II of the Tariff.

29.5 Real Power Losses: Real Power Losses are associated with all transmission service. LIPA is not obligated to provide Real Power Losses. The Network Customer is responsible for replacing losses associated with all transmission service as calculated by LIPA. The applicable Real Power Loss factor is five (5) percent.

29.6 Restrictions on Use of Service: The Network

Customer shall not use Network Integration Transmission Service for (i) sales of capacity and energy to non-designated loads, or (ii) direct or indirect provision of transmission service by the Network Customer to third parties. All Network Customers taking Network Integration Transmission Service shall use Point-To-Point Transmission Service under Part II of the Tariff for any Third-Party Sale which requires use of LIPA's Transmission System.

30 Initiating Service**30.1 Condition Precedent for Receiving Service:** Subject

to the terms and conditions of Part III of the Tariff, LIPA will provide Network Integration Transmission Service to any Eligible Customer, provided that (i) the Eligible Customer completes an Application for service as provided under Part III of the Tariff, (ii) the Eligible Customer and LIPA complete the technical arrangements set forth in Sections 30.3 and 30.4, (iii) the Eligible Customer

executes a Service Agreement pursuant to Attachment F for service under Part III of the Tariff, or requests initiation of service under a disputed Service Agreement or network operating agreement pursuant to Section 30.5, and (iv) the Eligible Customer executes a Network Operating Agreement with LIPA pursuant to Attachment G, or requests initiation of service under a disputed Service Agreement pursuant to Section 30.5, and (v) offering such Network Integration Transmission service would not jeopardize the tax-exempt status of any tax-exempt bond(s) used to finance LIPA's facilities.

30.2 Application Procedures: An Eligible Customer requesting service under Part III of the Tariff must submit an Application, with a deposit approximating the charge for one month of service, to LIPA as far as possible in advance of the month in which service is to commence. Unless subject to the procedures in Section 2, Completed Applications for Network Integration Transmission Service will be assigned a priority according to the date and time the

Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below on NYPP's OASIS. Prior to implementation of NYPP's OASIS, a Completed Application may be submitted by (i) transmitting the required information to LIPA by telefax, or (ii) providing the information by telephone over LIPA's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application. A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the party requesting service;
- (ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each LIPA

substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;

- (iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10 year load forecast provided in response to (iii) above;

- (v) A description of Network Resources (current and 10-year projection), which shall include, for each Network Resource:
 - Unit size and amount of capacity from that unit to be designated as Network Resource
 - VAR capability (both leading and lagging) of all generators
 - Operating restrictions
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit
 - Normal operating level of unit
 - Any must-run unit designations required for system reliability or contract reasons
 - Approximate variable generating cost (\$/MWH) for redispatch computations
 - Arrangements governing sale and delivery of power to third parties from generating facilities located in LIPA's Control Area, where only a portion of unit output is

- designated as a Network Resource
- Description of purchased power designated as a Network Resource including source of supply, Control Area location, transmission arrangements and delivery point(s) to LIPA's Transmission System;

(vi) Description of Eligible Customer's transmission system:

- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by LIPA
- Operating restrictions needed for reliability
- Operating guides employed by system
- Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
- Location of Network Resources described in subsection (v) above
- 10 year projection of system expansions or upgrades
- Transmission System maps that include any proposed expansions or upgrades
- Thermal ratings of Eligible Customer's Control Area ties with other Control Areas; and

operators

- (vii) Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one year.

Unless the Parties agree to a different time frame,

LIPA must acknowledge the request within ten (10)

days of receipt. The acknowledgment must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, LIPA shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure.

Wherever possible, LIPA will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, LIPA shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. LIPA shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

30.3 Technical Arrangements to be Completed Prior to

Commencement of Service: Network Integration

Transmission Service shall not commence until LIPA and the Network Customer, or a third party, have completed installation of all equipment specified under the Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the Transmission System. LIPA shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

30.4 Network Customer Facilities: The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from LIPA's Transmission System to the Network Customer. The Network Customer shall be solely responsible for constructing or installing

all facilities on the Network Customer's side of each such delivery point or interconnection.

30.5 Initiating Service in the Absence of an Executed

Service Agreement: If LIPA and the Transmission Customer requesting Transmission Service pursuant to this Tariff cannot agree on all the terms and conditions of the Service Agreement, upon written request from the Transmission Customer, LIPA and the Transmission Customer shall submit the disputed non-rate terms and conditions to the dispute resolutions procedures of Section 11. The Transmission Provider shall commence providing Transmission Service under an unexecuted Service Agreement containing terms and conditions deemed appropriate by LIPA for the requested Transmission Service subject to the Transmission Customer agreeing to: (i) compensate LIPA under rates and charges ultimately determined to be lawful and (ii) comply with the terms of the Tariff.

31 Network Resources

31.1 Designation of Network Resources: Network Resources

shall include all generation owned, purchased or leased by the Network Customer designated to serve Network Load under the Tariff. Network Resources may not include resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis. Any owned or purchased resources that were serving the Network Customer's loads under firm agreements entered into on or before the Service Commencement Date shall initially be designated as Network Resources until the Network Customer terminates the designation of such resources.

31.2 Designation of New Network Resources: The Network Customer may designate a new Network Resource by providing LIPA with as much advance notice as practicable. A designation of a new Network Resource must be made by a request for modification of service pursuant to an Application under Section 30.

31.3 Termination of Network Resources: The Network Customer may terminate the designation of all or part of a generating resource as a Network Resource at any time but should provide notification to LIPA as soon as reasonably practicable.

31.4 Operation of Network Resources: The Network Customer shall not operate its designated Network Resources located in the Network Customer's or LIPA's Control Area such that the output of those facilities exceeds its designated Network Load, plus non-firm sales delivered pursuant to Part II of the Tariff, plus losses. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of LIPA to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System.

31.5 Network Customer Redispatch Obligation: As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to redispatch its Network Resources as requested by

LIPA pursuant to Section 34.2. To the extent practical, the redispatch of resources pursuant to this section shall be on a least cost, non-discriminatory basis between all Network Customers, and LIPA.

31.6 Transmission Arrangements for Network Resources Not

Physically Interconnected With LIPA: The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with LIPA's Transmission System. LIPA will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

31.7 Limitation on Designation of Network Resources: The

Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the

Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff.

31.8 Use of Interface Capacity by the Network Customer:

There is no limitation upon a Network Customer's use of LIPA's Transmission System at any particular interface to integrate the Network Customer's Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of LIPA's total interface capacity with other transmission systems may not exceed the Network Customer's Load.

31.9 Network Customer Owned Transmission Facilities:

The Network Customer that owns existing transmission facilities that are integrated with LIPA's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Network Customer must demonstrate that its transmission facilities are integrated into the plans or operations of LIPA to serve its power

and transmission customers. For facilities constructed by the Network Customer subsequent to the Service Commencement Date under Part III of the Tariff, the Network Customer shall receive credit where such facilities are jointly planned and installed in coordination with LIPA. Calculation of the credit shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

32 Designation of Network Load

32.1 Network Load: The Network Customer must designate the individual Network Loads on whose behalf LIPA will provide Network Integration Transmission Service. The Network Loads shall be specified in the Service Agreement.

32.2 New Network Loads Connected With LIPA: The Network Customer shall provide LIPA with as much advance notice as reasonably practicable of the designation of new Network Load that will be added to its Transmission System. A designation of new Network Load must be made through a modification of service

pursuant to a new Application. LIPA will use due diligence to install any transmission facilities required to interconnect a new Network Load designated by the Network Customer. The costs of new facilities required to interconnect a new Network Load shall be determined in accordance with the procedures provided in Section 33.4 and shall be charged to the Network Customer in accordance with Commission policies.

32.3 Network Load Not Physically Interconnected with

LIPA: This section applies to both initial designation pursuant to Section 32.1 and the subsequent addition of new Network Load not physically interconnected with LIPA. To the extent that the Network Customer desires to obtain transmission service for a load outside LIPA's Transmission System, the Network Customer shall have the option of (1) electing to include the entire load as Network Load for all purposes under Part III of the Tariff and designating Network Resources in connection with such additional Network Load, or (2)

excluding that entire load from its Network Load and purchasing Point-To-Point Transmission Service under Part II of the Tariff. To the extent that the Network Customer gives notice of its intent to add a new Network Load as part of its Network Load pursuant to this section the request must be made through a modification of service pursuant to a new Application.

32.4 New Interconnection Points: To the extent the Network Customer desires to add a new Delivery Point or interconnection point between LIPA's Transmission System and a Network Load, the Network Customer shall provide LIPA with as much advance notice as reasonably practicable.

32.5 Changes in Service Requests: Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Network Integration Transmission Service (e.g. the addition of a new Network Resource or designation of a new Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission

facilities constructed by LIPA and charged to the Network Customer as reflected in the Service Agreement. However, LIPA must treat any requested change in Network Integration Transmission Service in a non-discriminatory manner.

32.6 Annual Load and Resource Information Updates: The Network Customer shall provide LIPA with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff. The Network Customer also shall provide LIPA with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting LIPA's ability to provide reliable service.

**33 Additional Study Procedures For Network Integration
Transmission Service Requests**

33.1 Notice of Need for System Impact Study: After

receiving a request for service, LIPA shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of LIPA's methodology for completing a System Impact Study is provided in Attachment D. If LIPA determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. In such cases, LIPA shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse LIPA for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to LIPA within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest.

33.2 System Impact Study Agreement and Cost**Reimbursement:**

- (i) The System Impact Study Agreement will clearly specify LIPA's estimate of the actual cost, and time for completion of the System Impact Study.

The charge shall not exceed the actual cost of the study. In performing the System Impact Study, LIPA shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.

- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for LIPA to accommodate the

service requests, the costs of that study shall be pro-rated among the Eligible Customers.

(iii) For System Impact Studies that LIPA conducts on its own behalf, LIPA shall record the cost of the System Impact Studies pursuant to Section 8.

33.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study Agreement, LIPA will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify any system constraints and redispatch options, additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. In the event that LIPA is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible

Customer. LIPA will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. LIPA shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement, or the Application shall be deemed terminated and withdrawn.

33.4 Facilities Study Procedures: If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, LIPA, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer

a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse LIPA for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to LIPA within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, LIPA will use due diligence to complete the required Facilities Study within a sixty (60) day period. If LIPA is unable to complete the Facilities Study in the allotted time period, LIPA shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment

Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades, and (iii) the time required to complete such construction and initiate the requested service. The Eligible Customer shall provide LIPA with a letter of credit or other reasonable form of security acceptable to LIPA equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Eligible Customer shall have thirty (30) days to execute a Service Agreement and provide the required letter of credit or other form of security or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn.

34 Load Shedding and Curtailments

34.1 Procedures: Prior to the Service Commencement Date, LIPA and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Network Operating Agreement with the objective of responding to contingencies on the Transmission

System. The Parties will implement such programs during any period when LIPA determines that a system contingency exists and such procedures are necessary to alleviate such contingency. LIPA will notify all affected Network Customers in a timely manner of any scheduled Curtailment.

34.2 Transmission Constraints: During any period when LIPA determines that a transmission constraint exists on the Transmission System, and such constraint may impair the reliability of LIPA's system, LIPA will take whatever actions, consistent with Good Utility Practice, that are reasonably necessary to maintain the reliability of LIPA's system. To the extent LIPA determines that the reliability of the Transmission System can be maintained by redispatching resources, LIPA will initiate procedures pursuant to the Network Operating Agreement to redispatch all Network Resources and LIPA's own resources on a least-cost basis without regard to the ownership of such resources. Any redispatch under this section may

not unduly discriminate between LIPA's use of the Transmission System on behalf of its Native Load Customers and any Network Customer's use of the Transmission System to serve its designated Network Load.

34.3 Cost Responsibility for Relieving Transmission

Constraints: Whenever LIPA implements least-cost redispatch procedures in response to a transmission constraint, LIPA and Network Customers will each bear a proportionate share of the total redispatch cost based on their respective Load Ratio Shares.

34.4 Curtailments of Scheduled Deliveries: If a transmission constraint on LIPA's Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and LIPA determines that it is necessary to Curtail scheduled deliveries, the Parties shall Curtail such schedules in accordance with the Network Operating Agreement.

34.5 Allocation of Curtailments: LIPA shall, on a non-discriminatory basis, Curtail the transaction(s) that effectively relieve the constraint. However,

to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by LIPA and Network Customer in proportion to their respective Load Ratio Shares. LIPA shall not direct the Network Customer to Curtail schedules to an extent greater than LIPA would Curtail LIPA's schedules under similar circumstances.

34.6 Load Shedding: To the extent that a system contingency exists on LIPA's Transmission System and LIPA determines that it is necessary for LIPA and the Network Customer to shed load, the Parties shall shed load in accordance with previously established procedures under the Network Operating Agreement.

34.7 System Reliability: Notwithstanding any other provisions of this Tariff, LIPA reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Network Integration Transmission Service without liability on LIPA's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the

continuance of Network Integration Transmission Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on LIPA's Transmission System or on any other system(s) directly or indirectly interconnected with LIPA's Transmission System, LIPA, consistent with Good Utility Practice, also may Curtail Network Integration Transmission Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. **LIPA** will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network Integration Transmission Service will be not unduly discriminatory relative to **LIPA's** use of the Transmission System on behalf of its Native Load Customers. **LIPA** shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load

Shedding and Curtailment procedures.

35 Rates and Charges

The Network Customer shall pay **LIPA** for any Direct Assignment Facilities, Ancillary Services, and applicable study costs, consistent with Commission policy, along with the following:

35.1 Monthly Demand Charge: The Network Customer shall pay a monthly Demand Charge, which shall be determined by multiplying its Load Ratio Share times one twelfth (1/12) of LIPA's Annual Transmission Revenue Requirement specified in Schedule H.

35.2 Determination of Network Customer's Monthly Network Load: The Network Customer's monthly Network Load is its hourly load (including its designated Network Load not physically interconnected with LIPA under Section 32.3) coincident with LIPA's Monthly Transmission System Peak.

35.3 Determination of LIPA's Monthly Transmission System Load: LIPA's monthly Transmission System load is LIPA's Monthly Transmission System Peak minus the coincident peak usage of all Firm Point-To-Point

Transmission Service customers pursuant to Part II of this Tariff plus the Reserved Capacity of all Firm Point-To-Point Transmission Service customers.

35.4 Redispatch Charge: The Network Customer shall pay a Load Ratio Share of any redispatch costs allocated between the Network Customer and LIPA pursuant to Section 34. To the extent that LIPA incurs an obligation to the Network Customer for redispatch costs in accordance with Section 34, such amounts shall be credited against the Network Customer's bill for the applicable month.

35.5 Stranded Cost Recovery: LIPA may seek to recover stranded costs from the Network Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888.

36 Operating Arrangements

36.1 Operation under The Network Operating Agreement:

The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Network Operating Agreement.

36.2 Network Operating Agreement: The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part III of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the Parties to (i) operate and maintain equipment necessary for integrating the Network Customer within LIPA's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between LIPA and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside LIPA's Transmission System, interchange schedules, unit outputs for redispatch required under Section 34, voltage schedules, loss factors and other real time data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange

data on forecasted loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of Part III of the Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the North American Electric Reliability Council (NERC), the Northeast Power Coordinating Council (NPCC) and NYPP, (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with LIPA, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies NERC, NYPP and NPCC requirements. LIPA shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment G.

36.3 Network Operating Committee: A Network Operating Committee (Committee) shall be established to coordinate operating criteria for the Parties' respective responsibilities under the Network Operating Agreement. Each Network Customer shall be entitled to have at least one representative on the Committee. The Committee shall meet from time to time as need requires, but no less than once each calendar year.

SCHEDULE 1**Scheduling, System Control and Dispatch Service**

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by LIPA (if LIPA is the Control Area operator) or indirectly by LIPA making arrangements with the Control Area operator that performs this service for LIPA's Transmission System. The Transmission Customer must purchase this service from LIPA or the Control Area operator. The rate is \$0.71/KW-yr for every kW wheeled through LIPA's system for Scheduling, System Control and Dispatch Service including losses. To the extent the Control Area operator performs this service for LIPA, charges to the Transmission Customer are to reflect only a pass-through of the costs charged

to LIPA by that Control Area operator. Charges for shorter term services set forth below are determined as follows:

$$\text{Monthly Rate} = \text{Annual Rate} \div 12$$

$$\text{Weekly Rate} = \text{Annual Rate} \div 52$$

$$\text{On Peak Daily Rate} = \text{Weekly Rate} \div 5$$

$$\text{On Peak Hourly Rate} = \text{On Peak Daily Rate} \div 16$$

$$\text{Off Peak Daily Rate} = \text{Weekly Rate} \div 7$$

$$\text{Off Peak Hourly Rate} = \text{Off Peak Daily Rate} \div 24$$

In the event of unauthorized use of this service, the Transmission Customer shall pay LIPA the appropriate charges set forth in this Schedule plus a 20% penalty charge for every hour that the Transmission Customer is in violation.

SCHEDULE 2**Reactive Supply and Voltage Control from
Generation Sources Service**

In order to maintain transmission voltages on LIPA's transmission facilities within acceptable limits, generation facilities under the control of the control area operator are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation Sources Service must be provided for each transaction on LIPA's transmission facilities. The amount of Reactive Supply and Voltage Control from Generation Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by LIPA.

Reactive Supply and Voltage Control from Generation Sources Service is to be provided directly by LIPA (if LIPA is the Control Area operator) or indirectly by LIPA making arrangements with the Control Area operator that performs this

service for LIPA's Transmission System. The Transmission Customer must purchase this service from LIPA or the Control Area operator. The rate is \$1.25/KW-yr for LIPA's portion of such service. Charges for shorter term services set forth below are determined as follows:

$$\text{Monthly Rate} = \text{Annual Rate} \div 12$$

$$\text{Weekly Rate} = \text{Annual Rate} \div 52$$

$$\text{On Peak Daily Rate} = \text{Weekly Rate} \div 5$$

$$\text{On Peak Hourly Rate} = \text{On Peak Daily Rate} \div 16$$

$$\text{Off Peak Daily Rate} = \text{Weekly Rate} \div 7$$

$$\text{Off Peak Hourly Rate} = \text{Off Peak Daily Rate} \div 24$$

The rates set forth above shall not apply to a LIPA Customer who maintains a power factor of at least 95% on average for each hour throughout the billing year at the Transmission Customer's receipt point.

In the event of unauthorized use of this service, the Transmission Customer shall pay LIPA the appropriate charges set forth in this Schedule plus a 20% penalty charge for every hour that the Transmission Customer is in violation. The

charges set forth in this Schedule and the 20% penalty charge shall accrue from the date that the Transmission Customer commenced taking service, unless the Customer is able to demonstrate that its unauthorized use commenced at a later date.

To the extent the Control Area operator performs this service for LIPA, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to LIPA by the Control Area operator.

SCHEDULE 3**Regulation and Frequency Response Service**

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz).

Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with LIPA (or the Control Area operator that performs this function for LIPA). LIPA must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from LIPA or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation. The amount of and charges for Regulation and Frequency Response Service are set

forth below. To the extent the Control Area operator performs this service for LIPA, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to LIPA by that Control Area operator. A Transmission Customer purchasing Regulation and Frequency Response Service will be required to purchase an amount of reserved capacity equal to 1.3% percent of the Transmission Customer's reserved capacity for Point-to-Point Transmission Service or 1.3 percent of the Transmission Customer's network load responsibility for Network Integration Transmission Service. The billing determinants for this service shall be reduced by any portion of the 1.3 percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself. LIPA's rate for the Regulation and Frequency Response Service is \$73.29kW-year for each KW wheeled through LIPA's system including losses.

Charges for shorter term services set forth below are determined as follows:

$$\text{Monthly Rate} = \text{Annual Rate} \div 12$$

$$\text{Weekly Rate} = \text{Annual Rate} \div 52$$

On Peak Daily Rate = Weekly Rate ÷ 5

On Peak Hourly Rate = On Peak Daily Rate ÷ 16

Off Peak Daily Rate = Weekly Rate ÷ 7

Off Peak Hourly Rate = Off Peak Daily Rate ÷ 24

In the event of unauthorized use of this service, the Transmission Customer shall pay LIPA the appropriate charges set forth in this Schedule plus a 20% penalty charge. The charges set forth in this Schedule and the 20% penalty charge shall accrue from the date that the Transmission Customer commenced taking service, unless the Customer is able to demonstrate that its unauthorized use commenced at a later date.

SCHEDULE 4**Energy Imbalance Service**

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. LIPA must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from LIPA or make alternative comparable arrangements to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for LIPA, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to LIPA by that Control Area operator.

LIPA shall establish a deviation band of +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s). Parties should attempt to eliminate energy imbalances within the limits of the deviation band within thirty (30) days or

within such other reasonable period of time as is generally accepted in the region and consistently adhered to by LIPA. If an energy imbalance is not corrected within thirty (30) days or a reasonable period of time that is generally accepted in the region and consistently adhered to by LIPA, the Transmission Customer will compensate LIPA for such service. Energy imbalances outside the deviation band will be subject to charges to be specified by LIPA. The charges for Energy Imbalance Service are set forth below.

For energy imbalances outside the deviation band, the Transmission Customer shall be charged a rate of 100 mills/kWh. All energy imbalances inside the deviation band shall be subject to a rate equal to LIPA's decremental cost or incremental cost for imbalances as described below. If LIPA does not eliminate an over-delivery of energy by the Transmission Customer by supplying in-kind energy within thirty (30) days following the billing period in which the over-delivery occurred, LIPA will pay the Transmission Customer its decremental cost (territorial marginal dispatch cost) at the time of each over-delivery for each kWh inside the deviation band. If the Transmission Customer does not

eliminate an under-delivery of energy by supplying in-kind energy within thirty (30) days following the billing period in which the under-delivery occurred, the Transmission Customer will pay to LIPA its incremental cost to produce energy after serving all other obligations (including economy and opportunity transactions) at the time of each under-delivery for each kWh inside the deviation band.

In the event of unauthorized use of this service, the Transmission Customer shall pay LIPA the appropriate charges set forth in this Schedule plus a 20% penalty charge for every hour that the Transmission Customer is in violation. However, the Transmission Customer will be excused from paying a penalty charge if the violation is caused by LIPA.

SCHEDULE 5**Operating Reserve - Spinning Reserve Service**

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output. LIPA must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from LIPA or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below. To the extent the Control Area operator performs this service for LIPA, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to LIPA by that Control Area operator.

A Transmission Customer purchasing Spinning Reserve Service will be required to purchase an amount of reserved capacity equal to 7 percent of the Transmission Customer's

reserved capacity for Point-to-Point Transmission Service or 7 percent of the Transmission Customer's network load responsibility for Network Integration Transmission Service. The billing determinants for this service shall be reduced by any portion of the 7 percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself. The charge for Spinning Reserve shall be \$73.29 per kW-year as a capacity charge for each kW of Spinning Reserve required plus 110% of LIPA's system incremental cost for energy actually supplied as Spinning Reserve. Charges for shorter term services set forth below are determined as follows:

$$\text{Monthly Rate} = \text{Annual Rate} \div 12$$

$$\text{Weekly Rate} = \text{Annual Rate} \div 52$$

$$\text{On Peak Daily Rate} = \text{Weekly Rate} \div 5$$

$$\text{On Peak Hourly Rate} = \text{On Peak Daily Rate} \div 16$$

$$\text{Off Peak Daily Rate} = \text{Weekly Rate} \div 7$$

$$\text{Off Peak Hourly Rate} = \text{Off Peak Daily Rate} \div 24$$

In the event of unauthorized use of this service, the

Transmission Customer shall pay LIPA the appropriate charges set forth in this Schedule plus a 20% penalty charge. The charges set forth in this Schedule and the 20% penalty charge shall accrue from the date that the Transmission Customer commenced taking service, unless the Customer is able to demonstrate that its unauthorized use commenced at a later date.

SCHEDULE 6**Operating Reserve - Supplemental Reserve Service**

Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load. LIPA must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from LIPA or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. Proof of any such alternative arrangements shall be submitted to LIPA at least one day prior to the time when the Customer commences receiving transmission service from LIPA. The amount of and charges for Supplemental Reserve Service are set forth below. To the extent the Control Area operator performs this service for LIPA, charges to the Transmission Customer are to reflect only a pass-

through of the costs charged to LIPA by that Control Area operator.

A Transmission Customer purchasing Supplemental Reserve Service will be required to purchase an amount of reserved capacity equal to 3.9 percent of the Transmission Customer's reserved capacity for Point-to-Point Transmission Service or 3.9 percent of the Transmission Customer's network load responsibility for Network Integration Transmission Service. The billing determinants for this service shall be reduced by any portion of the 3.9 percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself. A minimum of one half of this reserved capacity must be capable of serving load within 10 minutes and the remaining capacity must be capable of serving load within 30 minutes. If Transmission Customer is located in LIPA's service territory, Supplemental Reserve capacity must be purchased in the same proportion that LIPA must maintain to meet NYPP Reserve requirements in accordance with NYPP OP-2 or LIPA's own system reserve requirements whichever is larger.

The charge for Supplemental Reserve shall be \$42.25 per kW-year as a capacity charge for each kW of supplemental

reserve required plus 110% of LIPA's system incremental cost for energy actually supplied as Supplemental Reserve. Charges for shorter term services set forth below are determined as follows:

$$\text{Monthly Rate} = \text{Annual Rate} \div 12$$

$$\text{Weekly Rate} = \text{Annual Rate} \div 52$$

$$\text{On Peak Daily Rate} = \text{Weekly Rate} \div 5$$

$$\text{On Peak Hourly Rate} = \text{On Peak Daily Rate} \div 16$$

$$\text{Off Peak Daily Rate} = \text{Weekly Rate} \div 7$$

$$\text{Off Peak Hourly Rate} = \text{Off Peak Daily Rate} \div 24$$

In the event of unauthorized use of this service, the Transmission Customer shall pay LIPA the appropriate charges set forth in this Schedule plus a 20% penalty charge. The charges set forth in this Schedule and the 20% penalty charge shall accrue from the date that the Transmission Customer commenced taking service, unless the Customer is able to demonstrate that its unauthorized use commenced at a later date.

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SCHEDULE 7

**Long-Term Firm and Short-Term Firm Point-To-Point
Transmission Service**

The Transmission Customer shall compensate LIPA each month for Reserved Capacity at the sum of the applicable charges set forth below:

- 1) **Yearly delivery:** \$24.93/kW of Reserved Capacity per year.
- 2) **Monthly delivery:** \$2.0774/kW of Reserved Capacity per month.
- 3) **Weekly delivery:** \$0.4794/kW of Reserved Capacity per week.
- 4) **Daily delivery:** \$0.0959/kW of Reserved Capacity per day.
- 4) **Daily delivery off peak:** \$0.0685/kW of Reserved Capacity per day.

Charge for shorter than one year are determined as follows:

Monthly Rate = Annual Rate ÷ 12

Weekly Rate = Annual Rate ÷ 52

Daily Rate on peak = Weekly Rate ÷ 5

Daily Rate off peak = Weekly Rate ÷ 7

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

5) **Discounts:** Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by LIPA must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, LIPA must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on

Long Island Power Authority

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the Transmission System.

SCHEDULE 8

Non-Firm Point-To-Point Transmission Service

The Transmission Customer shall compensate LIPA for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth below:

- 1) **Yearly delivery:** \$24.93/kW of Reserved Capacity per year.
- 2) **Monthly delivery:** \$2.0774/kW of Reserved Capacity per month.
- 3) **Weekly delivery:** \$0.4794/kW of Reserved Capacity per week.
- 4) **Daily delivery:** \$0.0959/kW of Reserved Capacity per day.
- 4) **Daily delivery off peak:** \$0.0685/kW of Reserved Capacity per day.

Charge for shorter than one year are determined as follows:

$$\text{Monthly Rate} = \text{Annual Rate} \div 12$$

$$\text{Weekly Rate} = \text{Annual Rate} \div 52$$

Daily Rate on peak = Weekly Rate ÷ 5

Daily Rate off peak = Weekly Rate ÷ 7

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

4) **Hourly delivery:** The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed \$0.0040/kWh. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

5) **Discounts:** Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by LIPA must be announced to all Eligible

Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, LIPA must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

ATTACHMENT A

**Form Of Service Agreement For
Firm Point-To-Point Transmission Service**

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between LIPA ("LIPA"), and _____ ("Transmission Customer").
- 2.0 The Transmission Customer has been determined by LIPA to have a Completed Application for Firm Point-To-Point Transmission Service under the Tariff.
- 3.0 The Transmission Customer has provided to LIPA an Application deposit in accordance with the provisions of Section 18.3 of the Tariff.
- 4.0 Service under this agreement shall commence on the later of (1) the requested service commencement date or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
- 5.0 LIPA agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.

6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

LIPA

Transmission Customer:

7.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

LIPA:

By: _____
Name Title Date

Transmission Customer:

Long Island Power Authority

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By: _____
Name Title Date

Specifications For Long-Term Firm Point-To-Point
Transmission Service

1.0 Term of Transaction: _____

Start Date: _____

Termination Date: _____

2.0 Description of capacity and energy to be transmitted by LIPA including the electric Control Area in which the transaction originates.

3.0 Point(s) of Receipt: _____

Delivering Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

5.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity): _____

6.0 Designation of party(ies) subject to reciprocal service obligation: _____

—

—

—

7.0 Name(s) of any Intervening Systems providing transmission
service: _____

8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charge: _____

8.2 System Impact and/or Facilities Study Charge(s):

8.3 Direct Assignment Facilities Charge: _____

8.4 Ancillary Services Charges: _____

ATTACHMENT B

**Form Of Service Agreement For Non-Firm Point-To-Point
Transmission Service**

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between LIPA ("LIPA") and _____ (Transmission Customer).
- 2.0 The Transmission Customer has been determined by LIPA to be a Transmission Customer under Part II of the Tariff and has filed a Completed Application for Non-Firm Point-To-Point Transmission Service in accordance with Section 19.2 of the Tariff.
- 3.0 Service under this Agreement shall be provided by LIPA upon request by an authorized representative of the Transmission Customer.
- 4.0 The Transmission Customer agrees to supply information LIPA deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.
- 5.0 LIPA agrees to provide and the Transmission Customer agrees to take and pay for Non-Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

LIPA

Transmission Customer:

7.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

[LIPA]

By: _____

Name Title Date

Transmission Customer:

By: _____

Long Island Power Authority Open Access Transmission Tariff
Original Sheet No. 167

Name

Title

Date

ATTACHMENT C

Methodology To Assess Available Transmission Capability

LIPA adheres to the transfer capability definition as recommended in the North American Electric Reliability Council's ("NERC") Available Transmission Capability Definitions and Determination. The NYPP with the assistance of the member systems will have the responsibility of calculating the ATC for the appropriate interfaces on behalf of the New York member system utilities and posting these values on the Poolwide OASIS.

The total transfer capability is a measure of the ability of interconnected electric systems to move or transfer power reliably from one area to another by way of all transmission lines (or paths) between those areas under specified system conditions. The system conditions which must be considered include the generation and load patterns, thermal rating of transmission lines and voltage profiles in both the sending and receiving areas. Inter-regional system stability impacts must also be evaluated. These conditions dictate the interregional transfer limits

between neighboring regions, and transfer limits on LIPA's high voltage system and underlying system.

In determining whether adequate transfer capability will be available on the transmission system for the requested service both initially and for the full term of the requested transaction, it will be determined if capability is available in excess of that required to accommodate the existing and forecasted loads of LIPA's native load customers and any existing contractual commitments, as well as transmission capability reserved for reliability (including the Capacity Benefit of Ties), regulation and inadvertent flows based on historical or planned for such purposes. In making such determination, NYPP (or LIPA) shall take into consideration the pro forma tariff reservation priority requirement for transmission service. Transmission service also shall be subject to the physical characteristics and constraints on LIPA's transmission system. Technical and functional availability shall be determined in accordance with NERC and NPCC guides and criteria as well as NYPP's and LIPA's operating and engineering standards.

ATTACHMENT D

Methodology for Completing a System Impact Study

LIPA will assess the capability of the transmission system to provide the service requested consistent with Sections 20 and 33 of this tariff using the criteria and process for this assessment as detailed in sections 4 and 5 of the NYPP's annual FERC Form 715 submittal. Based on the information provided by the Transmission Customer in its Completed Application pursuant to this tariff, LIPA will prepare a System Impact Agreement for performing the required System Impact Study. The System Impact Study will describe the technical feasibility of the transmission service requested. LIPA will estimate the cost and time to complete this study based on the type of service to be provided at the time of application. One-half of the estimated cost to complete the study shall be provided to LIPA with the executed System Impact Agreement. The Transmission Customer will be billed for the remainder of the actual costs when LIPA completes the System Impact

Study.

ATTACHMENT E

Index Of Point-To-Point Transmission Service Customers

<u>Customer</u>	<u>Date of Service</u>
<u>Agreement</u>	

ATTACHMENT F

**Form of Service Agreement For
Network Integration Transmission Service**

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between LIPA and _____ ("Transmission Customer").
- 2.0 The Transmission Customer has been determined by LIPA to have a valid request for Network Integration Transmission Service under Part III of the Tariff.
- 3.0 Service under this agreement shall commence on the later of (1) _____, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on _____.
- 4.0 LIPA agrees to provide and Customer agrees to take and pay for Network Integration Transmission Service in accordance with the provisions of the Tariff and this Service Agreement. Unless specified herein, capitalized terms shall refer to terms defined in the Tariff.
- 5.0 If the Transmission Customer requests Service that involves LIPA's distribution facilities, LIPA will specify the rate treatment, losses, and all related terms and conditions.
- 6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

LIPA

Transmission Customer:

7.0 The Tariff, specifications for Network Integration Transmission Service, and the Network Operating Agreement are incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the parties have caused this Service Agreement to be executed by their respective authorized officials.

LIPA:

By: _____
Name Title Date

Transmission Customer:

By: _____
Name Title Date

SPECIFICATIONS FOR NETWORK INTEGRATION SERVICE

1.0 Term of Network Service:

Start Date: _____

Termination Date: _____

2.0 Description of capacity and/or energy to be transmitted by LIPA across LIPA's Transmission System (including electric control area in which the transaction originates).

3.0 Network Resources

(1) Generation Owned by Transmission Customer:

Resource Capacity Capacity Designated as Network Resource

(2) Generation Purchased by Transmission Customer:

Source Capacity

Total Network Resources: (1) + (2) = _____

4.0 Network Load

(1) Transmission Customer Loads:

Network Load Transmission Voltage Level LIPA Substation

(2) Member System Loads:

Member Systems Load Transmission Voltage Level

Total Network Load (Estimated): (1) + (2) =

5.0 Designation of party subject to reciprocal Service obligation:

6.0 In addition to any and all other applicable charges set forth in the Tariff, Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the tariff.) All charges listed below are subject to unilateral rate change filings by LIPA pursuant to FPA Section 205, or its successors.

6.1 Load Ratio Share of Annual Transmission Revenue Requirement: _____

6.2 Facilities Study Charge: _____

6.3 Direct Assignment Facilities Charge: _____

6.4 Ancillary Services Charge: _____

6.5 Redispatch Charge: _____

ATTACHMENT G

Standard Form of Network Operating Agreement

Preamble

LIPA ("LIPA") and _____ ("Transmission Customer") agree that the provisions of this Network Operating Agreement ("NOA") and the Service Agreement govern LIPA's provision of Network Integration Transmission Service to the Transmission Customer under the Tariff, as it may be amended from time to time. Unless specified herein, capitalized terms shall refer to terms defined in the Tariff.

1.0 Control Area Requirements

The Transmission Customer shall: (i) operate within LIPA's Control Area under applicable guidelines of the North American Electric Reliability Council ("NERC"), Northeast Power Coordinating Council ("NPCC") and the New York Power Pool ("NYPP"); or (ii) satisfy its Control Area requirements, including all Ancillary Services (certain Ancillary Services may be contracted with other parties consistent with LIPA's Tariff) by contracting with LIPA; or (iii) satisfy its Control Area requirements, including all Ancillary Services (certain Ancillary Services must be contracted with LIPA consistent with LIPA's Tariff), by contracting with another entity which can satisfy those requirements in a manner that is consistent with Good Utility Practice and satisfies NERC, NPCC and NYPP standards. The Transmission Customer shall plan, construct, operate and maintain its facilities and system in accordance with Good Utility Practice, which shall include, but not be limited to, all applicable guidelines of NERC, NPCC and NYPP, as they may be modified from time to time, and any generally accepted practices in the region that are consistently adhered to by LIPA.

2.0 Redispatch Procedures

(a) If LIPA determines that redispatching resources (including reductions of off-system purchases and sales) to

relieve an existing or potential transmission constraint is the most effective way to ensure the reliable operation of the Transmission System, LIPA will redispatch LIPA's and the Transmission Customer's resources on a least-cost basis, without regard to the ownership of such resources. LIPA will apprise the Transmission Customer of its redispatch practices and procedures, as they may be modified from time to time.

(b) The Transmission Customer will submit verifiable cost data for its resources, which estimates the cost to the Transmission Customer of changing the generation output of each of its Network Resources, to LIPA. This cost data will be used, along with similar data for LIPA's resources, as the basis for least-cost redispatch. LIPA's Transmission operation staff including its contractor will keep this data confidential, and will not disclose it to LIPA's marketing personnel or marketing agents. If the Transmission Customer experiences changes to its costs, the Transmission Customer will submit those changes to LIPA. LIPA will implement least-cost redispatch consistent with its existing contractual obligations and its current practices and procedures for its own resources. The Transmission Customer shall respond immediately to requests for redispatch from LIPA.

(c) The Transmission Customer may audit, at its own expense, particular redispatch events (such as the cause or necessity of the redispatch) during normal business hours following reasonable notice to LIPA. Either the Transmission Customer or LIPA may request an audit of the other party's cost data. Any audit of cost data will be performed by an independent agent at the requesting party's cost. Such independent agent will be a nationally recognized accounting firm and will be required to keep all cost data confidential.

(d) Once redispatch has been implemented, LIPA will book in a separate account the redispatch costs incurred by LIPA and the Transmission Customer based on the submitted cost data. LIPA and the Transmission Customer will each bear a proportional share of the total redispatch costs based on their then-current Load Ratio Shares. The redispatch charge or credit, as appropriate, will be reflected on the Transmission Customer's monthly bill.

3.0 Metering

(a) The Transmission Customer will be responsible for costs of the purchase, installation, operation, maintenance, repair and replacement of all metering equipment necessary to provide Network Integration Service. All metering equipment of the Transmission Customer shall meet the guidelines of NERC and NPCC, as applicable, industry standards such as ANSI, NIST and other practices as prescribed to by LIPA. Prior to its installation, LIPA and the Transmission Customer shall review the metering equipment to ensure conformance with such standards or practices. All Network Customers metering (load) must be installed downstream (load side) of existing LIPA revenue metering.

(b) Electric capacity and energy received by LIPA from the Transmission Customer will be measured by meters installed at the Transmission Customer's Network Resources. When measurement is made at any location other than a point of receipt, suitable adjustment for losses between the point of measurement and the point of receipt will be agreed upon in writing between the parties hereto and will be applied to all measurements so made. Metered receipts used in billing and accounting hereunder will in all cases include adjustment for such losses.

(c) Electric capacity and energy delivered to the Transmission Customer's Network Loads by LIPA will be measured by meters installed at the delivery point to such Network Loads. When measurement is made at any location other than a point of delivery, the point of delivery will be agreed upon in writing between the parties hereto and will be applied to all measurements so made. Metered receipts used in billing and accounting hereunder will in all cases include adjustments for such losses. All supply and load capacity quantities shall be metered in KVA units and metered KVA receipts used in billing.

(d) Meters at the Transmission Customer's Network Resources and Network Loads will be tested at least biannually. In the event the test shows the meter to be inaccurate, the Transmission Customer will make any necessary adjustments, repairs or replacements thereon. Security of Network Customer metering (supply and Load) must

be in accordance with LIPA practices.

(e) In the event any meter used to measure capacity and energy fails to register or is found to be inaccurate, appropriate billing adjustments, based on the best information available, will be agreed upon by the parties hereto. Any meter tested and found to be not more than one percent above or below normal will be considered to be correct and accurate insofar as correction of billing is concerned. If, as a result of any test, a meter is found to register in excess of one percent either above or below normal, then the reading of such meter previously taken will be corrected according to the percentage of inaccuracy so found, but no correction will extend beyond 90 days previous to the day on which inaccuracy is discovered by such test. Proper notification by all parties must be provided prior to any alteration and/or replacement of Network Customer (supply or load) metering equipment.

(f) LIPA will have the right to install suitable metering equipment at any point(s) of receipt or delivery, as herein provided for the purpose of checking the Network Customer metering. Provisions for installation of said metering shall be provided at the expense of the Network Customer. All necessary drawings, specifications, etc. associated with new construction of supply or loads shall be in agreement with LIPA requirements. Telemetry interface equipment (data acquisition equipment, other equipment and telemetry software) shall be provided at the expense of Network Customer for all Network Customer supply and load metering used for the measurement of billing quantities.

(g) the Transmission Customer will read the meters owned by it, except as may be mutually agreed, and will furnish to LIPA all meter readings and other information required for operations and for billing purposes. Such information will remain available to LIPA for six years.

4.0 Control Area and Data Equipment

(a) The Transmission Customer will be responsible for the purchase, installation, operation, maintenance, repair and replacement of all data acquisition equipment, metering equipment, protection equipment, and any other associated equipment and software, which may be required by either party for the Transmission Customer to operate as a Control

Area. Such equipment shall conform to Good Utility Practice and the standards and practices consistently adhered to by LIPA. Prior to its installation, LIPA and the Transmission Customer shall review the equipment and software required by this Section to ensure conformance with such standards or practices.

(b) The selection of real time telemetry and data to be received by LIPA and the Transmission Customer shall be at the reasonable discretion of LIPA, as deemed necessary for reliability, security, economics, and/or monitoring of system operations. This telemetry includes but is not limited to, loads, line flows, voltages, generator output, and breaker status at any of the Transmission Customer's transmission facilities. To the extent telemetry is required that is not available, the Transmission Customer shall, at its own expense, install any metering equipment, data acquisition equipment, or other equipment and software necessary for the telemetry to be received by LIPA.

(c) Each party shall be responsible for implementing any computer modifications or changes required to their own computer system(s) as necessary to implement this Section.

5.0 Operating Requirements

(a) The Transmission Customer shall operate its generating resources in a manner consistent with that of LIPA, including following voltage on load schedules, free governor response, meeting power factor requirements at the point of interconnection with LIPA systems, and other such criteria required by NERC and NPCC and consistently adhered to by LIPA.

(b) Insofar as practicable, LIPA and the Transmission Customer shall protect, operate, and maintain their respective systems so as to avoid or minimize the likelihood of disturbances which might cause impairment of service on the system(s) of the other. The parties shall implement load shedding programs to maintain the reliability and integrity of the Transmission Systems, as provided in Section 9.6 of the Tariff and in accordance with NERC and NPCC guidelines and Good Utility Practice. Load shedding shall include: (1) automatic load shedding by underfrequency relay or (2) manual load shedding. LIPA will implement load shedding to maintain the relative sizes of

load served, unless otherwise required by circumstances beyond the control of LIPA or the Transmission Customer. Automatic load shedding devices will operate without notice.

When manual load shedding is necessary LIPA shall notify the Transmission Customer's dispatchers or schedulers of the required action and the Transmission Customer shall comply immediately.

(c) The Transmission Customer shall, at its own expense, provide, operate, and maintain in service high-speed, digital underfrequency load shedding equipment. The Transmission Customer's equipment shall be compatible and coordinated with LIPA's load shedding equipment.

(d) In the event LIPA modifies the load shedding system, the Transmission Customer shall, at its expense, make changes to its equipment and setting of such equipment, as required. The Transmission Customer shall test and inspect the load shedding equipment within 90 days of taking Network Integration Transmission Service under the Tariff and thereafter in accordance with Good Utility Practice, and provide a written report to LIPA. LIPA may request a test of the load shedding equipment with reasonable notice.

6.0 Data, Information and Reports:

The Transmission Customer shall, upon request, provide LIPA with such reports and information concerning its network operation as are reasonably necessary to enable LIPA to operate its transmission system adequately and meet all NERC and NPCC guidelines and requirements.

This information will include but not be limited to forecasts and actual schedules for generating unit operation interchange losses and load. Additionally, annual load and resource forecasts pursuant to sections 30.2 and 32.6 of the Tariff, shall be furnished to LIPA. The Transmission Customer shall telemeter to LIPA information needed to operate the Transmission System in a reliable manner and meet NERC and NPCC requirements. Telemetry requirements for the Transmission Customer shall be consistent with practices followed by LIPA.

7.0 Operating Reserve:

The Transmission Customer shall meet its proportional share of Operating Reserve by either: (1) purchasing

Operating Reserves from LIPA; or (2) meeting or arranging to have a third party meet the Operating Reserve requirement.

The Transmission Customer's Operating Reserve requirement shall be determined in the following manner:

LIPA shall calculate its Operating Reserve requirement under applicable NPCC guidelines for its Network Load and Resources and Network Load and Resources of all previously committed Tariff customers. The same calculation shall be performed including the Transmission Customer's Network Load and Resources. The difference between the calculated amounts is the Transmission Customer's Operating reserve obligation.

If the Transmission Customer supplies or arranges supply of its Operating Reserve, it must meet all applicable NERC and NPCC guidelines.

If the Transmission Customer is a member of the NPCC and governed by their guidelines for supplying operating reserve, the amount of operating reserve specified by the NPCC shall apply.

8.0 Character of Service

Power and energy delivered under the Service Agreement and this NOA shall be delivered as three-phase alternating current at a frequency of approximately 60 Hertz, and at the nominal voltages at the delivery and receipt points.

9.0 Transfer of Power and Energy Through Other Systems

Since the Transmission System is, and will be, directly or indirectly connected with other electric systems, it is recognized that, because of the physical and electrical characteristics of the facilities involved, power delivered under the Service Agreement and this NOA may flow through such other systems. The parties agree to advise other electric systems as deemed appropriate of such scheduled transfers and to attempt to maintain good relationships with affected third parties.

10.0 Notice

Any Notice or request made to or by either party regarding this NOA shall be made to the representative of the other party as indicated in the Network Service

Agreement.

11.0 Incorporation

The Tariff and the Service Agreement are incorporated herein and made a part hereof.

12.0 Term

The term of this NOA shall be concurrent with the term of the Service Agreement between the parties.

13.0 Assignment

This NOA shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns but shall not be assigned by either Party except to successors to all or substantially all of the electric properties and assets of such Party, without the written consent of the other Party.

[This agreement shall contain additional specifications based upon individual customer requests.]

IN WITNESS WHEREOF, the parties have caused this NOA to be executed by their respective authorized officials.

[LIPA]

By _____

Title _____

Date _____

Transmission Customer

By _____

Title _____

Date _____

ATTACHMENT H

**Annual Transmission Revenue Requirement
For Network Integration Transmission Service**

1. The Annual Transmission Revenue Requirement for purposes of the Network Integration Transmission Service shall be \$76,781,160.
2. The amount in (1) shall be effective until amended by LIPA or modified by the Commission.

ATTACHMENT I

Index Of Network Integration Transmission Service Customers

<u>Customer</u>	<u>Date of Service</u>
<u>Agreement</u>	

ATTACHMENT J

**Retail Network Integration Transmission Service Addendum
To Reflect Retail Service Requirements of the Long Island Choice
Retail Access Program**

A. Description of Service

Retail Network Integration Transmission Service is a transmission service that allows Energy Service Companies ("ESCOs"), acting on behalf of multiple eligible retail customers participating in the Authority's Long Island Choice Program ("LI Choice"), or Direct Retail Customers ("DRCs") when deemed eligible by LIPA to participate in LI Choice, to integrate multiple sources of energy and multiple delivery points of retail customers located on the distribution system of LIPA for delivery of electric energy under LI Choice. Retail Network Integration Transmission Service must be used by ESCOs or DRCs solely within the LIPA service area. Retail Network Integration Transmission Service shall be provided consistent with the terms of Parts I and III of the Long Island Power Authority Open Access Transmission Tariff ("OATT") to the extent that such provisions are not inconsistent with the more specific provisions of LIPA's Electric Service Tariff and other agreements implementing LI Choice.

B. Eligibility

Only ESCOs licensed by the Long Island Power Authority under LI Choice and properly appointed under LI Choice by participating retail customers to act as their agent, or DRCs enrolled in LI Choice may contract for Retail Network Integration Transmission Service.

C. Independent System Operator

In the event the New York Independent System Operator ("NYISO") commences operations pursuant to a FERC-filed NYISO's tariff and agreement, the OATT may be superseded by the NYISO's Tariff in whole or in part. LIPA may seek to revise the terms and conditions of the LI Choice Retail Access Program, the OATT, and this Attachment (including any pricing terms) as necessary to comply with the requirements of the NYISO.

D. Billing

1. Retail Network Integration Transmission Service - Charges for Retail Network Integration Transmission Service shall be included, pursuant to LIPA's Tariff for Electric Service, in the charge for electric services to a) each LI Choice customer served by an ESCO, or b) DRC that signs a Service Agreement for Retail Network Integration Transmission Service.

2. Energy Imbalance Service - LIPA shall provide and bill the ESCO or DRC for the provision of Energy Imbalance Service in accordance with the terms specified in Schedule 4 of the OATT.

E. Application Procedures

A completed application for Retail Network Integration Transmission Service shall provide the following:

- (i) The identity, address, telephone number and facsimile number of the ESCO or DRC requesting service;
- (ii) a statement that the ESCO or DRC requesting service will be, upon commencement of service, an Eligible

- (iii) customer under the Tariff; and
a requested Service Commencement Date.

F. Security Deposit

A security deposit for transmission service pursuant to this Attachment is not required. The ESCO or DRC shall be responsible to meet the financial security requirements set forth in the Long Island Choice Operating Procedures.

- G. This Attachment applies solely to transactions under the Long Island Choice program. All other transactions requiring the use of LIPA's transmission system shall be subject to the full terms and conditions the OATT. ESCOs or DRCs who own or operate generating resources on Long Island (even if such resources are used in whole or in part to serve LI Choice Customers or other customers in LIPA's service area) shall be subject to a) this Attachment, and b) the full terms and conditions of the OATT, provided that if such ESCOs or DRCs do not use Network Integration Transmission Service to serve wholesale Customers on Long Island, they will be billed only under the provisions of the LI Choice portions of LIPA's Electric Service Tariff.

ATTACHMENT K

**Service Agreement For
Retail Network Integration Transmission Service**

- 1.0 This Service Agreement, dated as of _____, is entered into by and between LIPA and (Energy Service Company ("ESCO")) acting on behalf of retail customers ("LI Choice Customers") or _____ (Direct Retail Customer ("DRC")) taking service pursuant to the Long Island Choice retail access program approved by the Long Island Power Authority ("Authority"). For purposes of the provisions of this Service Agreement equally applicable to an ESCO or a DRC, this Service Agreement shall refer to ESCOs and DRCs collectively as the "Entity."
- 2.0 LIPA shall provide Retail Network Integration Transmission Service to the Entity solely in conjunction with the Entity's participation in the Long Island Choice Program during the term of this Service Agreement and the Entity agrees to take such service in accordance with the provisions of the OATT as defined herein, specifically including Attachment J, as it may be amended from time to time. LIPA shall bill the LI Choice Customer for Retail Network Integration Transmission Service provided under this Agreement.
- 3.0 Representations, Warranties and Covenants:
- 3.1 The Entity represents and warrants that:
- 3.1-1 The Entity is an entity duly organized, validly existing and qualified to do business under the laws of the State of New York, and is in good standing under its _____

____ [insert organizational document] and the laws of the State of

_____ [insert state of organization];

3.1-2 The Entity has duly authorized its execution of this Service Agreement;

3.1-3 This Service Agreement is the legal, valid, and binding obligation of the Entity enforceable in accordance with its terms, except as it may be rendered unenforceable by reason of bankruptcy or other similar laws affecting creditors' rights, or general principles of equity.

3.1-4 The ESCO is an eligible supplier under the Long Island Choice Program and desires to supply electric generation service to LI Choice Customers. The DRC is an eligible participant in the Long Island Choice Program.

3.1-5 The ESCO has been authorized in writing by each retail customer served under this Agreement to procure Retail Network Integration Transmission Service on its behalf.

3.2 The Entity warrants and covenants that during the term of the Service Agreement, it shall be in compliance with all federal, state and local laws, rules and regulations related to its performance under the Service Agreement.

4.0 ESCO, acting as agent of LI Choice Customers, or DRC agrees to contract for, schedule, and administer transmission service as prescribed in the Long Island Choice Operating Procedures.

5.0 Independent System Operator

In the event the New York Independent System Operator ("NYISO") commences operations pursuant to a FERC-filed NYISO tariff and agreement, the OATT may be superseded by the NYISO's tariff in whole or in part.

The Entity understands and agrees that LIPA may seek to revise the terms and conditions of this Service Agreement (including any pricing terms) as necessary to comply with the requirements of the NYISO.

6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made in writing to the representative of the other Party as indicated below.

LIPA:

LIPA
Vice President-Power Markets
333 Earle Ovington Boulevard, Suite 403
Uniondale, NY 11553

Entity:

7.0 Common Terms and Conditions:

The terms and conditions of LIPA's Open Access Transmission Tariff ("OATT") are fully incorporated in this Service Agreement except as otherwise expressly provided in Attachment J, and the Long Island Choice Operating Agreement and Operating Procedures.

8.0 Term of Service:

This Agreement shall be effective from the later of the date set forth above or the date that the Entity is licensed to begin delivery, and shall be terminated in accordance with the Long Island Choice Operating Agreement.

In WITNESS WHEREOF, the Parties hereto have caused this Service Agreement to be executed in their respective names by their duly authorized officers as of the date first above written.

LIPA

Entity

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____