

Import Capacity Resources are subject to review by the Internal Market Monitoring Unit pursuant to Section III.13.1.7. If an offer from a New Capacity Resource that the Internal Market Monitoring Unit has determined is not consistent with the opportunity cost, clears in the Forward Capacity Auction at a price below 0.75 times CONE, then the amount of capacity clearing from that offer shall be considered Out-of-Market Capacity for purposes of determining the applicability of the Alternative Price Rule, as discussed in Section III.13.3.7.4.

**III.13.1.3.5.7 Qualification Determination Notification for New Import Capacity Resources.** For New Import Capacity Resources, the qualification determination notification described in Section III.13.1.1.2.8 shall be modified to reflect the differences in the qualification process described in this Section III.13.1.3.5.

**III.13.1.4 Demand Resources.**

**III.13.1.4.1. Demand Resources.** To participate in a Forward Capacity Auction as a Demand Resource, a resource or proposed resource must meet the definitions and requirements of this Section III.13.1.4.

**III.13.1.4.1.1 Existing Demand Resources.** Demand Resources that have been implemented and registered with the ISO, which otherwise are not New Demand Resources. Existing Demand Resources include those that (i) have been implemented and registered with the ISO to fulfill a capacity obligation created by clearing in a past Forward Capacity Auction, (ii) Other Demand Resources implemented and registered with the ISO between June 16, 2006 and May 31, 2010 before the applicable Forward Capacity Auction or (iii) Demand Resources participating in the Real-Time Demand Response Program (30-Minute and 2-Hour) and in the Real-Time Profiled Response

Program, as defined in Market Rule 1, Appendix E, before the applicable Forward Capacity Auction.

**III.13.1.4.1.2 New Demand Resources.** Demand Resources that have not been implemented before the applicable Forward Capacity Auction and are not Existing Demand Resources. A Demand Resource that has previously been defined as an Existing Demand Resource shall be considered a New Demand Resource if it meets one of the following conditions listed in Section III.13.1.1.1.2.

**III.13.1.4.1. Qualification Process for Demand Resources.** A Demand Resource supplier must indicate the type of Demand Resource (i.e., On-Peak Demand Resource, Seasonal Peak Demand Resource, Critical Peak Demand Resource, Real-Time Demand Response Resource, or Real-Time Emergency Generation Resource. Designation of the Demand Resource type may not be changed during the Commitment Period.

**III.13.1.4.1.3 Show of Interest Form for New Demand Resources.** Each resource that a New Demand Resource supplier seeks to offer in the Forward Capacity Auction as a Demand Resource, the resource's Lead Market Participant must submit to the ISO a Demand Resource Show of Interest Form as described in this Section III.13.1.4.1.2 during the Demand Resource Show of Interest Submission Window. The Demand Resource Show of Interest Form is available on the ISO website.

(a) A completed Demand Resource Show of Interest Form shall include, but is not limited to, the following information: Project name; Load Zone within which the Demand Resource project will be located; Estimated Demand Reduction Value (MW) (measured at the customer meter and not including losses or reserve margin credit) expected to be achieved five weeks prior to the first and second annual Forward Capacity Auctions after the Forward Capacity Auction in which the Demand Resource supplier's capacity award would be made, if applicable, and on the Commercial Operation

Date; Demand Resource type (On-Peak Demand Resource, Seasonal Peak Demand Resource, Critical Peak Demand Resource, Real-Time Demand Response Resource or Real-Time Emergency Generation Resource); Brief Demand Resource Project Description including measure type (i.e., Energy Efficiency, Load Management, and/or Distributed Generation), customer classes and end-uses served; Expected Commercial Operation Date – i.e., the date at which 100 percent of the Demand Resource’s Demand Reduction Value is expected to be achieved; ISO Market Participant Status and ISO Customer ID (if applicable); Status under ISO Generation Interconnection Procedures (if applicable); If the Project Sponsor is an Load Serving Entity, whether the Demand Resource project is to be a Self-Supplied Forward Capacity Auction resource; Whether the Project Sponsor elects to be treated as Existing Capacity in the Forward Capacity Auction; Project/Technical and Credit/Financial Contact information.

**III.13.1.4.1.4 Qualification Package for Existing Demand Resources:** For each resource that a Project Sponsor seeks to offer in the Forward Capacity Auction as an Existing Demand Resource, the Project Sponsor must submit an Existing Capacity Resource Qualification Package no later than the Existing Resource Qualification Deadline. The Existing Demand Resource Qualification Package shall conform to the requirements of Section III.13.1.4.1.4.

**III.13.1.4.1.5 Qualification Package for New Demand Resources:** For each resource that a Project Sponsor seeks to offer in the Forward Capacity Auction as a New Demand Resource, the Project Sponsor must submit a New Capacity Resource Qualification Package no later than the New Capacity Resource Qualification Deadline. The New Capacity Qualification Package shall conform with the requirements of this Section III.13.1.4.2.4.

**III.13.1.4.1.5.1 Demand Resource Project**

**Description.** The Project Sponsor must provide a project description which includes, but is not limited to, the following information: location (Load Zone within which the Demand Resource project will be located); whether the Project Sponsor is a Load Serving Entity; whether the Demand Resource project is to be a Self-Supplied Forward Capacity Auction Resource; Demand Resource type (On-Peak Demand Resource, Seasonal Peak Demand Resource, Critical Peak Demand Resource, Real-Time Demand Response Resource, or Real-Time Emergency Generation Resource); Types of measures that will be implemented (i.e., Energy Efficiency, Load Management, Distributed Generation); Types of facilities at which the measures will be implemented; Estimated Demand Reduction Value (kW) per measure and/or per customer facility (measured at the customer meter), including supporting documentation (e.g., engineering estimates or documentation of verified savings from comparable projects) to substantiate the reasonableness of the estimated Demand Reduction Value that the supplier intends to offer into the Forward Capacity Auction; Estimated total Demand Reduction Value of the Demand Resource project; Capability/experience of the project team.

**III.13.1.4.1.5.2 Source of Funding.** The Project Sponsor must provide Source of Funding which includes, but is not limited to, the following information: The source(s) of public benefits funding or private financing, or a funding plan supplemented by information on how previous projects were funded; A completed credit application.

**III.13.1.4.1.5.3 Measurement and Verification Plan.** The Project Sponsor must provide a Measurement and Verification Plan which complies with the ISO’s Measurement and Verification Standards pursuant to Section III.13. and the ISO New England Manuals.

**III.13.1.4.1.5.4 Customer Acquisition Plan.** The Project Sponsor must provide a Customer Acquisition Plan which includes, but is not limited to, the following information: Description of proposed customer market; Estimated size of target market and supporting documentation; A marketing plan with supporting documentation describing the manner in which customers will be recruited; Evidence supporting the viability of the marketing plan.

**III.13.1.4.1.5.4.1 Individual Distributed Generation Projects and Demand Resource Projects From a Single Facility With A Demand Reduction Value Greater Than or Equal to 5 MW.** The critical path schedule requirements and the monitoring and milestones are the same as those required for New Capacity as set forth in Section III.13.1.1.2.2.2.

**III.13.1.4.1.5.4.2 Demand Resource Projects Involving Multiple Facilities and Demand Resource Projects From a Single Facility With A Demand Reduction Value Less Than 5 MW.** A critical path schedule for Demand Resource projects installed at multiple facilities and Demand Resource projects from a single facility with a Demand Reduction Value of less

than 5 MW shall be comprised of a delivery schedule of the share of total offered Demand Reduction Value achieved as of target dates during the Planning Period which are: (i) The cumulative percentage of total Demand Reduction Value achieved on Target date 1 occurring five weeks prior to the first annual Forward Capacity Auction after the Forward Capacity Auction in which the Demand Resource supplier's capacity award was made and by which date; (ii) The cumulative percentage of total Demand Reduction Value achieved on Target date 2 occurring five weeks prior to the second annual Forward Capacity Auction after the Forward Capacity Auction in which the Demand Resource supplier's capacity award was made and by which date; and (iii) Target date 3 which is the expected Commercial Operation Date, which must be on or before the first day of the relevant Commitment Period and by which date 100% of total Demand Reduction Value must be complete.

**III.13.1.4.1.5.4.3 Additional Requirement For Demand Resource Supplier Proposing Total Demand Reduction Value of 30 Percent or Less by the Second Target Date.** If a Demand Resource supplier proposes in its Qualification Package a cumulative percent of total Demand Reduction Value complete that is 30 percent or less by the second critical path schedule target date, then a Pipeline Analysis must be submitted to the ISO five weeks prior to the second annual

Forward Capacity Auction after the Forward Capacity Auction in which the award was made. A Pipeline Analysis demonstrates the Demand Resource supplier’s ability to fulfill its obligation to deliver capacity that cleared in a Forward Capacity Auction by the relevant Capacity Commitment Period. Such an analysis must list the customers that have made a commitment to participate in the Demand Resource supplier’s program to deliver capacity to meet the Demand Resource supplier’s FCA obligations, and must include each customer’s projected Demand Reduction Value, and expected measure installation date; provided, however, that a Demand Resource supplier targeting customer facilities with under 10 kW of Demand Reduction Value per facility shall have the option of using a targeting and marketing plan based on past performance in that market to determine the supplier’s ability to fulfill its obligation by the relevant Capacity Commitment Period. To the extent that the Demand Resource supplier is unable to demonstrate through its Pipeline Analysis that it has sufficient customers to meet its Capacity Obligation by the beginning of the relevant Commitment Period, the Demand Resource supplier shall be subject to the ISO’s Milestone Slippage, Mitigation, and Cure procedures, as specified in Section III.13.\_\_\_\_\_ of the Market Rule.

**III.13.1.4.1.5.5 \_\_\_\_\_ Capacity Commitment Period Election. In the New Demand**

Resource Qualification Package, the Project Sponsor must specify whether, if its New Demand Resource Offer clears in the Forward Capacity Auction, the associated capacity supply obligation and Capacity Clearing Price (indexed for inflation) shall continue to apply after the Capacity Commitment Period associated with the Forward Capacity Auction in which the offer clears, for up to four additional and consecutive Capacity Commitment Periods, in whole Capacity Commitment Period increments only. If no such election is made in the New Demand Resource Qualification Package, the capacity supply obligation and Capacity Clearing Price associated with the New Demand Resource Offer shall apply only for the Capacity Commitment Period associated with the Forward Capacity Auction in which the New Demand Resource Offer clears.

**III.13.1.4.1.6 Notification of Qualification for Demand Resources.**

**III.13.1.4.1.6.1 Notification of Qualification for Existing Demand Resources.** For each Existing Demand Resource, the ISO will notify the Resource's Lead Participant no later than 20 business days before the Existing Capacity Qualification Deadline of: (i) confirmation of Demand Resource type; and (ii) summer and winter Demand Reduction Values and estimates of summer and winter Qualified Capacity as defined in Section III.13. \_\_\_\_\_ and the Load Zone in which the Capacity Resource is located. If the Lead Market Participant believes that an ISO-determined summer Qualified Capacity or winter Qualified Capacity for an Existing Capacity Resource does not accurately reflect the determination described in Section III.13. \_\_\_\_\_, then the Lead Market Participant must notify the ISO within 10

business days of receipt of the Qualified Capacity notification. If an Existing Demand Resource is not submitting a change in its Demand Resource type, or a Permanent De-List Bid, Static De-List Bid, Dynamic De-list, or Partial De-list Bid for the Forward Capacity Auction, or a retirement request, then no further submissions or actions for that Resource are necessary, and the Resource will participate in the Forward Capacity Auction as a price-taker with Qualified Capacity as indicated in the ISO’s notification. If a Market Participant believes that the Demand Reduction Value or Qualified Capacity for an Existing Demand Resource is inaccurate or wishes to change its Demand Resource type, the Market Participant must notify the ISO within 10 business days of receipt of the Qualified Capacity notification and submit an Updated Measurement and Verification Plan to reflect the change in its Demand Resource type, if applicable.

**III.13.1.4.1.6.2 Notification of Qualification for New Demand Resources.** No later than 120 days prior to the relevant Forward Capacity Auction, the ISO shall send notification to Project Sponsors for each proposed New Demand Resource indicating whether the New Demand Resource has been accepted for participation in the Forward Capacity Auction.

**III.13.1.4.1.6.2.1 Notification of Acceptance to Qualify of a New Demand Resource.** For a New Demand Resource accepted for participation in the Forward Capacity Auction, the notification will specify the Demand Resource’s Qualified Capacity and will detail the Resource’s Financial Assurance

requirements in accordance with Section \_\_\_\_\_.

**III.13.1.4.1.6.2.2 Notification of Failure to Qualify of a New Demand Resource.** For a proposed New Capacity Resource not accepted for participation in the Forward Capacity Auction, the notification will provide an explanation as to why the proposed Resource was not accepted.

**III.13.1.4.2. Capacity Values of Demand Resources** The Capacity Value of a Demand Resource for a month shall be its Demand Reduction Value for the month as determined pursuant to Section III.13. \_\_\_\_\_ multiplied by the summer Installed Capacity Requirement divided by the 50/50 summer system peak load forecast as determined by the ISO for the applicable Forward Capacity Auction in which the Demand Resource clears, multiplied by one plus the percent average avoided peak transmission and distribution losses used by the ISO in its calculations of the Installed Capacity Requirement for the applicable Forward Capacity Auction in which the Demand Resource clears.

**III.13.1.4.2.1 Capacity Values of Certain Distributed Generation.** If across Demand Resource On-Peak Hours, Demand Resource Seasonal Peak Hours, Demand Resource Critical Peak Hours, Real-Time Demand Response Event Hours, or Real-Time Emergency Generation Event Hours, as appropriate, a Distributed Generation resource's monthly average hourly output is greater than the monthly average hourly load of the end-use customer to which the resource is directly connected, the Capacity Value of the portion of output exceeding the customer's load for the month will be its Demand Reduction Value.

**III.13.1.4.3. Demand Reduction Values.** A Demand Reduction Value is the quantity of reduced demand, measured at the end-use customer meter, produced by a Demand Resource. All Demand Reduction Values are based on reductions in

end-use demand on the electricity network in the New England Control Area coincident with Demand Resource On-Peak Hours for On-Peak Demand Resources, Demand Resource Seasonal Peak Hours for Seasonal Peak Demand Resources, Demand Resource Critical Peak Hours for Critical Peak Demand Resources, Real-Time Demand Response Event Hours for Real-Time Demand Response Resources, or Real-Time Emergency Generation Event Hours for Real-Time Emergency Generation Resources . The Demand Reduction Value of a combined Demand Resource that reduces load and generates output simultaneously for a single facility shall be its Average Hourly Output, if registered as an On-Peak Demand Resource, a Seasonal Peak Demand Resource, or a Real-Time Emergency Generation Resource, or Weighted Average Hourly Output, if registered as a Critical Peak Demand Resource or a Real-Time Demand Response Resource, which reflects the combined impact of the load reduction and generation output on reducing overall end-use demand on the electricity network in the New England Control Area.

**III.13.1.4.3.1 Calculation of Demand Reduction Values for On-Peak Demand Resources.** Monthly Demand Reduction Values shall be established for the months of June, July, August, December, and January and seasonal Demand Reduction Values for the remaining calendar months. The monthly Demand Reduction Value of On-Peak Demand Resources shall be equal to its Average Hourly Load Reduction or Average Hourly Output over Demand Resource On-Peak Hours in the month. Should a new On-Peak Demand Resource enter service at a time such that there is an incomplete set of performance data for June, July, August, December, or January upon which to establish summer or winter seasonal Demand Reduction Values, the missing data shall be supplemented with engineering estimates or audit results pursuant to its Modification and Verification Plan.

**III.13.1.4.3.1.1 Summer Seasonal Demand Reduction Value.** The summer seasonal Demand Reduction Value of On-Peak

Demand Resources shall be equal to the simple average of its Average Hourly Load Reduction or Average Hourly Output in the months of June, July and August. The summer seasonal Demand Reduction Value shall apply to the months of September, October, November, April and May.

**III.13.1.4.3.1.2 Winter Seasonal Demand**

**Reduction Value** The winter seasonal Demand Reduction Value of On-Peak Demand Resources shall be equal to the simple average of its Average Hourly Load Reduction or Average Hourly Output in the months of December and January. The winter seasonal Demand Reduction Value shall apply to the months of February and March.

**III.13.1.4.3.2 Calculation of Demand Reduction Values**

**for Seasonal Peak Demand Resources.** Monthly Demand Reduction Values shall be established for the months of June, July, August, December, and January and seasonal Demand Reduction Values for the remaining calendar months. The monthly Demand Reduction Value of Seasonal Peak Demand Resources shall be equal to its Average Hourly Load Reduction or Average Hourly Output over Demand Resource Seasonal Peak Hours in the month. If there are no Demand Resource Seasonal Peak Hours in the months of July, August, or January, the Demand Reduction Value for those months shall be based on the Demand Reduction Value established for the previous month. Should a new Seasonal Peak Demand Resource enter service at a time such that there is an incomplete set of performance data for June, July, August, December, or January upon which to establish summer or winter seasonal Demand Reduction Values, the missing data shall be supplemented with engineering estimates or audit results pursuant to its Measurement and Verification Plan. A Seasonal Peak Demand Resource supplier will have the option of conducting an audit before the end of a

month to establish its Demand Reduction Value for a subsequent month in which there are no Demand Resource Seasonal Peak Hours, provided that the audit results shall not supplant the summer or winter seasonal Demand Reduction Value based on Demand Resource Seasonal Peak Hours for the applicable season. Audit results can be used to determine the Demand Reduction Values for all subsequent months until the month in which Demand Resource Seasonal Peak Hours occur, provided, however, that audit results can not be used to determine the Demand Reduction Value for a month greater than twelve (12) months from the date the audit was conducted. Engineering estimates and the procedures for scheduling and conducting an audit must be submitted as part of the Measurement and Verification Plan set forth in Section III.13.\_\_\_\_\_.

**III.13.1.4.3.2.1 Summer Seasonal Demand**

**Reduction Value.** The summer seasonal Demand Reduction Value of Seasonal Peak Demand Resources shall be equal to the simple average of its Average Hourly Load Reduction or Average Hourly Output in the months of June, July and August. This summer seasonal Demand Reduction Value will apply to the months of September, October, November, April and May.

**III.13.1.4.3.2.2 Winter Seasonal Demand**

**Reduction Value.** The winter seasonal Demand Reduction Value of Seasonal Peak Demand Resources shall be equal to the simple average of its Average Hourly Load Reduction or Average Hourly Output in the months of December and January. This winter seasonal Demand Reduction Value will apply to the months of February and March.

**III.13.1.4.3.3 Calculation of Demand Reduction Values for Critical Peak Demand Resources.** Demand Reduction Values shall be determined on a monthly

basis. For the months of June, July, August, December and January, the Demand Reduction Value of Critical Peak Demand Resource shall be based on its Weighted Average Hourly Load Reduction or Weighted Average Hourly Output during Demand Resource Critical Peak Hours in the month. If there are no Demand Resource Critical Peak Hours in the months of July, August, December or January, the Demand Reduction Value for those months shall be based on the Demand Reduction Value established for the previous month. Should a new Critical Peak Demand Resource enter service at a time such that there is an incomplete set of performance data for June, July, August, December, or January upon which to establish summer or winter seasonal Demand Reduction Values, as described above, then the missing data shall be supplemented with engineering estimates or audit results pursuant to its Measurement and Verification Plan. A Critical Peak Demand Resource supplier will have the option of conducting an audit before the end of a month to establish its Demand Reduction Value for a subsequent month in which there are no Demand Resource Critical Peak Hours, provided that the audit results shall not supplant the summer or winter seasonal Demand Reduction Value based on Demand Resource Critical Peak Hours for the applicable season. Audit results can be used to determine the Demand Reduction Values for all subsequent months until the month in which Demand Resource Critical Peak Hours occur, provided, however, that audit results can not be used to determine the Demand Reduction Value for a month greater than twelve (12) months from the date the audit was conducted. Engineering estimates and the procedures for scheduling and conducting an audit must be submitted as part of the Measurement and Verification Plan, as set forth in Section III.13.

**III.13.1.4.3.3.1 Summer Seasonal Demand Reduction Value.** The summer seasonal Demand Reduction Value of a Critical Peak

Demand Resource for September, October, November, April and May shall be based on (i) the simple average of its Weighted Average Hourly Load Reduction or Weighted Average Hourly Output in the most recent months of June, July and August if there are no Demand Resource Critical Peak Hours in the month or (ii) the simple average of: (a) the simple average of its Weighted Average Hourly Load Reduction or Weighted Average Hourly Output in the most recent months of June, July and August and (b) its Weighted Average Hourly Load Reduction or Weighted Average Hourly Output across the Demand Resource Critical Peak Hours in the month if there are Demand Resource Critical Peak Hours in the month.

**III.13.1.4.3.3.2 Winter Seasonal Demand**

**Reduction Value.** The winter seasonal Demand Reduction Value of a Critical Peak Demand Resource for February and March shall be based on: (i) the simple average of its Weighted Average Hourly Load Reduction or Weighted Average Hourly Output in the most recent months of December and January if there are no Demand Resource Critical Peak Hours in the month or (ii) the simple average of (a) the simple average of its Weighted Average Hourly Load Reduction or Weighted Average Hourly Output in the most recent months of December and January and (b) its Weighted Average Hourly Load Reduction or Weighted Average Hourly Output across the Demand Resource Critical Peak Hours in the month if there are Demand Resource Critical Peak Hours in the month.

**III.13.1.4.3.4 Demand Reduction Values for Real-Time Demand Response Resources.** Monthly Demand Reduction Values shall be determined. For the months of June, July, August, December, and

January, the Demand Reduction Value of Real-Time Demand Response Resources shall be based on its Weighted Average Hourly Load Reduction or Weighted Average Hourly Output during Real-Time Demand Response Event Hours in the month. If there are no Real-Time Demand Response Event Hours in the months of July, August, or January, the Demand Reduction Value for those months shall be based on the Demand Reduction Value established for the previous month. Should a new Real-Time Demand Response Resource enter service at a time such that there is an incomplete set of performance data for June, July, August, December, or January upon which to establish summer or winter seasonal Demand Reduction Values, then the missing data shall be supplemented with audit results pursuant to its Measurement and Verification Plan. A Real-Time Demand Response Resource provider will have the option of conducting an audit before the end of a month to establish its Demand Reduction Value for a subsequent month in which there are no Real-Time Demand Response Event Hours, provided that the audit results shall not supplant the summer or winter seasonal Demand Reduction Value based on Real-Time Demand Response Event Hours for the applicable season. Audit results can be used to determine the Demand Reduction Values for all subsequent months until the month in which Real-Time Demand Response Event Hours occur, provided, however, that audit results cannot be used to determine the Demand Reduction Value for a month greater than twelve (12) months from the date the audit was conducted. Procedures for scheduling and conducting an audit must be submitted as part of the Measurement and Verification Plan pursuant to Section III.13.

**III.13.1.4.3.4.1 Summer Seasonal Demand Reduction Value.** The summer seasonal Demand Reduction Value of a Real-Time Demand Response Resource for September, October, November, April and May shall be based on (i) the simple average of its Weighted Average Hourly Load Reduction

or Weighted Average Hourly Output in the most recent months of June, July and August if there are no Real-Time Demand Response Event Hours in the month or (ii) the simple average of (a) the simple average of its Weighted Average Hourly Load Reduction or Weighted Average Hourly Output in the most recent months of June, July and August and (b) its Weighted Average Hourly Load Reduction or Weighted Average Hourly Output across the Real-Time Demand Response Event Hours in the month if there are Real-Time Demand Response Event Hours in the month.

**III.13.1.4.3.4.2 Winter Seasonal Demand**

**Reduction Value.** The winter seasonal Demand Reduction Value of a Real-Time Demand Response Resource for February and March shall be based on (i) the simple average of its Weighted Average Hourly Load Reduction or Weighted Average Hourly Output in the most recent months of December and January if there are no Real-Time Demand Response Event Hours in the month or (ii) the simple average of (a) the simple average of its Weighted Average Hourly Load Reduction or Weighted Average Hourly Output in the most recent months of December and January and (b) its Weighted Average Hourly Load Reduction or Weighted Average Hourly Output across the Real-Time Demand Response Event Hours in the month if there are Real-Time Demand Response Event Hours in the month.

**III.13.1.4.3.5 Demand Reduction Values for Real-Time**

**Emergency Generation Resources.** Demand Reduction Values shall be determined on a monthly basis. For the months of June, July, August, December, and January, the Demand Reduction Value of a Real-Time Emergency Generation Resource shall be based on its Average Hourly

Output during all the Real-Time Emergency Generation Event Hours in the month. If there are no Real-Time Emergency Generation Event Hours in the months of July, August, or January, the Demand Reduction Value for those months shall be based on the Demand Reduction Value established for the previous month. Should a new Real-Time Emergency Generation Resource enter service at a time such that there is an incomplete set of performance data for June, July, August, December, or January upon which to establish summer or winter seasonal Demand Reduction Values, then the Demand Reduction Value shall be established using audit results pursuant to its Measurement and Verification Plan. A Real-Time Emergency Generation Resource provider will have the option of conducting an audit before the end of a month to establish its Demand Reduction Value for a subsequent month in which there are no Real-Time Emergency Generation Event Hours, provided that the audit results shall not supplant the summer or winter seasonal Demand Reduction Value based on Real-Time Emergency Generation Event Hours for the applicable season. Audit results can be used to determine the Demand Reduction Values for all subsequent months until the month in which Real-Time Emergency Generation Event Hours occur, provided, however, that audit results can not be used to determine the Demand Reduction Value for a month greater than twelve (12) months from the date the audit was conducted. Procedures for scheduling and conducting an audit must be submitted as part of the Measurement and Verification Plan, pursuant to Section III.13.\_\_\_\_\_.

**III.13.1.4.3.5.1 Summer Seasonal Demand Reduction Value.** The summer seasonal Demand Reduction Value for the months of September, October, November, April and May shall be based on the simple average of the Average Hourly Output in the most recent months of June, July and August if there are no Real-Time Emergency Generation Event Hours in the month. If

there are Real-Time Emergency Generation Event Hours in the months of September, October, November, April or May, the Demand Reduction Value shall be based on the Average Hourly Output during all the Real-Time Emergency Generation Event Hours in the month.

**III.13.1.4.3.5.2 Winter Seasonal Demand Reduction Value.** The winter seasonal Demand Reduction Value for the months of February and March shall be based on the simple average of the Average Hourly Output in the most recent months of December and January if there are no Real-Time Emergency Generation Event Hours in the month. If there are Real-Time Emergency Generation Event Hours in the months of February or March, the Demand Reduction Value shall be based on the Average Hourly Output during all the Real-Time Emergency Generation Event Hours in the month.

**III.13.1.4.4. Measurement and Verification Applicable to All Demand Resources** To demonstrate the Demand Reduction Value of a Demand Resource project, as defined in Section III.13. \_\_\_\_\_, all Demand Resource suppliers participating in the Forward Capacity Auction or Reconfiguration Auctions shall submit to ISO New England the Demand Resource project Measurement and Verification Documents in accordance with this Section III.13. \_\_\_\_\_ and the ISO New England Manuals.

**III.13.1.4.4.1 Measurement and Verification Documents.** Measurement and Verification Documentation must demonstrate both availability and performance of DR projects in reducing demand coincident with Demand Resource On-Peak Hours, Demand Resource Seasonal Peak Hours, Demand Resource Critical Peak Hours, Real-Time Demand Response Event Hours, or Real-Time Emergency Generation Event Hours. The Measurement and Verification Documents shall

serve as the basis for the claimed Demand Reduction Value of a Demand Resource project. The Measurement and Verification Documents shall document the measurement and verification performed to verify the achieved Demand Reduction Value of the DR project. The Measurement and Verification Documents shall contain a projection of the DR project’s Demand Reduction Value for each month of the Commitment Period and over the expected Measure Life of the DR project. The Measurement and Verification Documents shall affirm that the siting, interconnection, and operation of the Demand Resource project complies with all applicable Federal, state, and local regulatory, siting, and tariff requirements, including interconnection tariff requirements. A Demand Resource’s Measurement and Verification Documents must describe the methodology used to calculate electrical energy load reduction or output during Demand Resource On-Peak Hours, Demand Resource Seasonal Peak Hours, Demand Resource Critical Peak Hours, Real-Time Demand Response Event Hours, or Real-Time Emergency Generation Event Hours. The Measurement and Verification Documents shall include a Measurement and Verification Plan submitted in the Forward Capacity Auction Qualification, as described in Section III.13. \_\_\_\_\_ and a monthly Measurement and Verification Summary Report during the Commitment Period. The monthly Measurement and Verification Summary Reports shall reference the Measurement and Verification protocols and performance data documented in the Measurement and Verification Plan or the Measurement and Verification Reference Report(s). Such monthly Measurement and Verification Summary Reports will document the Demand Resource supplier’s total Demand Reduction Value from eligible pre-existing measures and new measures, and the supplier’s total Demand Reduction Value from both eligible pre-existing measures and new measures, for all measures it had in operation as of the end of the

previous month. The monthly Measurement and Verification Summary Reports shall be based on Measurement and Verification Documents determined in accordance with this Market Rule and the ISO New England Manuals, and shall be the basis for monthly settlement with Demand Resource suppliers. All Measurement and Verification Documents shall conform to the ISO’s specifications with respect to content, format and delivery methodology, and shall be submitted in accordance with the timelines and deadlines set forth in this Market Rule and the ISO New England Manuals.

**III.13.1.4.4.1.1 Optional Measurement and**

**Verification Reference Reports.** At the option of the Demand Resource supplier, the Measurement and Verification Documents may also include one or more Measurement and Verification Reference Report(s) submitted during the Commitment Period subject to the schedule in the Measurement and Verification Plan and consistent with the schedule and reporting standards set forth in the ISO New England Manuals. Measurement and Verification Reference Reports shall update the prospective Demand Reduction Value of the Demand Resource project based on measurement and verification studies performed during the Commitment Period.

**III.13.1.4.4.1.2 Updated Measurement and**

**Verification Documents.** At the option of the Demand Resource supplier, an Updated Measurement and Verification Plan may be submitted during a subsequent FCA Qualification process prior to the beginning of the Commitment Period of the Demand Resource project. The updated Measurement and Verification Plan may include updated Demand Resource project specifications, measurement and verification protocols, and performance data. However, the updated

Measurement and Verification Plan shall not modify for the duration of the Commitment Period the total Demand Reduction Value and the Demand Resource type from the applicable Forward Capacity Auction in which the Demand Resource supplier’s offer cleared. Additionally, the updated Measurement and Verification Plan shall provide measurement and verification consistent with the requirements specified in the ISO New England Manuals, and shall be comparable to the quality of the original Measurement and Verification Plan accepted during the FCA Qualification process in which the Demand Resource project cleared the FCA.

**III.13.1.4.4.1.2.1 Annual Certification of Accuracy of Measurement and Verification Documents.** Demand Resource suppliers will submit no less frequently than once per year, a statement certifying that the Demand Resource projects for which the supplier is requesting compensation continue to perform in accordance with the submitted Measurement and Verification Documents reviewed by the ISO. For Demand Resource projects targeting customer facilities with greater than or equal to 10 kW of Demand Reduction Value per facility, Demand Resource suppliers shall maintain records of retail customers served including, at a minimum, the retail customer’s address, the customer’s utility distribution company, utility distribution company account identifier, measures installed, and corresponding monthly Demand Reduction Values until the end of the Measure Life, or until the Demand Resource is permanently De-Listed

or retired from the Forward Capacity Market. For Demand Resource projects targeting customer facilities with under 10 kW of Demand Reduction Value per facility, the Demand Resource supplier shall have the option of maintaining records as described above for customer facilities with greater than or equal to 10 kW of Demand Reduction Value per facility, or maintaining records of aggregated Demand Reduction Value and measures installed by Load Zone and Meter Domain. Demand Resource suppliers shall submit such records to the ISO upon request in a readable electronic format.

**III.13.1.4.4.1.3 Measurement and**

**Verification Documentation of Demand Reduction Values.** The Demand Resource supplier shall designate the specific methodology used to establish Demand Reduction Values, including the specification of Demand Resource On-Peak Hours for On-Peak Demand Resources, Demand Resource Seasonal Peak Hours for Seasonal Peak Demand Resources, Demand Resource Critical Peak Hours for Critical Peak Demand Resources, Real-Time Demand Response Event Hours for Real-Time Demand Response Resources, or Real-Time Emergency Generation Event Hours for Real-Time Emergency Generation Resources, in its Measurement and Verification Plan pursuant to Section III.13.\_\_\_\_. Distributed Generation, Real-Time Demand Response, and Real-Time Emergency Generation Demand Resource projects must include individual metering or a metering protocol consistent with the Measurement and Verification standards set forth in this Market Rule and the ISO New

England Manuals to monitor and verify the Demand Reduction Value of the Demand Resource project.

**III.13.1.4.4.1.3.1 Incomplete Performance Data to Determine Demand Reduction Values.** Should a new Demand Resource enter service at a time such that there is an incomplete set of performance data upon which to establish its Demand Reduction Value, then the missing data shall be supplemented with engineering estimates or audit results. The use of engineering estimates and the procedures for scheduling and conducting an audit must be submitted as part of the Demand Resource Measurement and Verification Plan or updated Measurement and Verification Plan.

**III.13.1.4.4.2 ISO Review of Measurement and Verification Documents.** The ISO shall review the Measurement and Verification Documents. And complete such review and identify any necessary modifications in accordance with the Forward Capacity Auction Qualification Process as described in Section III.13. of this Market Rule, and pursuant to the ISO New England Manuals. In its review of the Measurement and Verification Documents, the ISO may consult with the Project Sponsor to seek clarification, to gather additional necessary information, or to address questions or concerns arising from the materials submitted. At the discretion of the ISO, the ISO may consider revisions or additions to the Measurement and Verification Documents resulting from such consultation; provided, however, that in no case shall the ISO consider revisions or additions to the Measurement and Verification Documents if the ISO believes that such consideration cannot be properly accomplished within the time periods established for the qualification process.

III.13.1.4.4.3 Monitoring and Verification Costs. Costs associated with measurement and verification of the Demand Resource project shall be borne by the Demand Resource supplier. The ISO may charge a fee, consistent with the ISO Act under Section 6 of Section IV.A. of the ISO Tariff to Demand Resource suppliers submitting application materials and Measurement and Verification Documents for review during the Forward Capacity Auction Qualification process.

**III.13.1.5 Offers Composed of Separate Resources.** Separate resources may together participate in a Forward Capacity Auction as a single resource if the following conditions are met:

- (a) In each month of the Capacity Commitment Period, a single resource must be able provide at least the amount of capacity offered for the entire month. The resources together must meet or exceed the amount of the offer in each month of the Capacity Commitment Period. Only one resource may be used to meet the amount of capacity offered during the whole summer period (June through September).
- (b) Each resource comprising an offer composed of separate resources must qualify in accordance with all of the provisions of this Section III.13 applicable to that resource type. Whether an offer composed of separate resources participates in the Forward Capacity Auction as a New Capacity Resource, an Existing Capacity Resource, an Import Capacity Resource, or a Demand Resource shall be based on the resource providing capacity in the summer period.
- (c) The summer Qualified Capacity of an offer composed of separate resources shall be the summer Qualified Capacity of the single resource that will provide the capacity supply obligation during the summer period.
- (d) If an offer is composed of separate resources, and is intended to meet the Local Sourcing Requirement in