



April 1, 2010

The Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, D.C. 20426

RE: **ISO New England Inc., Reconciled Tariff Sheets for Compliance With Order No. 614; Docket No. ER10- -000**

Dear Secretary Bose:

In compliance with Order No. 614,¹ ISO New England Inc. (the “ISO”)² hereby submits an original and five copies of this transmittal letter and tariff sheets reflecting the reconciliation of a number of filings previously accepted by the Federal Energy Regulatory Commission (“Commission”).

On July 2, 2009, the ISO and the New England Power Pool (“NEPOOL”) Participants Committee jointly submitted in Docket No. ER09-1408-000 tariff revisions regarding enhanced scheduling and curtailment priority for exports (“July 2 Filing”)³ to be effective June 1, 2010. The July 2 Filing added the definitions of the following terms to Market Rule 1:⁴ “Capacity Export Through Import Constrained Zone,” “FCA Cleared Export Transaction,” “Same Reserve Zone Export Transaction,” and “Unconstrained Export Transaction.”

On September 23, 2009, the ISO and NEPOOL jointly submitted in Docket No. ER09-1737-000 tariff revisions extending the Real-Time Price Response Program and

¹ *Designation of Electric Rate Schedule Sheets*, Order No. 614, 90 FERC ¶ 61,352 (2000).

² Capitalized terms used but not defined in this filing are intended to have the meaning given to such terms in the ISO New England Inc. Transmission, Markets and Services Tariff, FERC Electric Tariff No. 3 (the “Tariff”), the Second Restated New England Power Pool Agreement, and the Participants Agreement. Market Rule 1 is Section III of the Tariff.

³ *ISO New England Inc. and New England Power Pool, Tariff Revisions Regarding Enhanced Scheduling and Curtailment Priority for Exports*; Docket No. ER09-1408-000 (July 2, 2009); accepted on October 9, 2009 by letter order in the same docket.

⁴ Market Rule 1 is Section III of the Tariff.

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Day-Ahead Load Response Program (“September 23 Filing”)⁵ to be effective June 1, 2010. The September 23 Filing deleted the definition of “Adjusted Capability” from Market Rule 1, modified the definitions of “Amount Interrupted” and “Load Management,” and added the definition of “Load Response Program Asset” to Market Rule 1.

On September 29, 2009, the ISO and NEPOOL jointly submitted in Docket No. ER09-1766-000 revisions to the Forward Reserve market rules relating to implementation of the Forward Capacity Market (“September 29 Filing”)⁶ to be effective June 1, 2010. The September 29 Filing added definitions for “FCACPZone” and “FRACPZone” to Section III.9.8(b) of Market Rule 1.

On October 26, 2009, the ISO, NEPOOL, and a number of other filing parties⁷ jointly submitted in Docket No. ER10-108-000 revised tariff sheets to relocate the definitions provided in Sections II, III, IV.A and IV.B of the Tariff into Section I, thereby creating one consolidated definitions section (“Definitions Filing”). The Commission accepted the Definitions Filing by letter order issued on December 9, 2009, effective January 24, 2010.

Because the Definitions Filing became effective on January 24, 2010 *before* the effective date of the changes described above (*i.e.* June 1, 2010), it did not include the changes presented in the earlier filings described above. Therefore, the ISO submits this filing to add the changes accepted by the Commission to be **effective June 1, 2010** to the currently effective version of the Tariff. Specifically, this filing adds the above describes changes to the consolidated definitions provision of Section I of the currently effective version of the Tariff.

Also, on April 28, 2009, the ISO and NEPOOL jointly filed in Docket No. ER09-1051-000 revised tariff sheets in compliance with Order No. 719⁸ (“Order No. 719

⁵ *ISO New England Inc. and New England Power Pool, Tariff Revisions Regarding Extension of the Real-Time Price Response Program and Day-Ahead Load Response Program*; Docket No. ER09-1737-000 (September 23, 2009); accepted on October 29, 2009 by letter order in the same docket.

⁶ *ISO New England Inc. and New England Power Pool, Revisions to the Forward Reserve Market Rules Relating to Implementation of the Forward Capacity Market*; Docket No. ER09-1766-000 (September 29, 2009); accepted on December 8, 2009 by letter order in the same docket.

⁷ The other filing parties were Northeast Utilities Service Company, as agent for its operating companies, The Connecticut Light and Power Company, Western Massachusetts Electric Company, and Public Service Company of New Hampshire, and Cross-Sound Cable Company, LLC.

⁸ *Wholesale Competition in Regions with Organized Electric Markets*, Order No. 719, 73 *Fed. Reg.* 64100 (October 28, 2008), FERC Stats. & Regs. ¶ 31,281 (2008) (“Order No. 719”).

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Compliance Filing”). On January 21, 2010, the Commission accepted the Order No. 719 Compliance Filing, including the revised tariff sheets, subject to a further compliance filing which does not affect this reconciliation filing.⁹ Among other things, the Order No. 719 Compliance Filing added to Market Rule 1 the definition of the term “Market Violation.” This reconciliation filing inserts the definition for “Market Violation,” which the Commission already has accepted, into the consolidated definitions provision of Section I of the currently effective version of the Tariff. The ISO submits this change to become **effective April 2, 2010**. To avoid uncertainty, the ISO is posting the Tariff sheet affected by this change to the published version of the Tariff on the date of this transmittal, subject ultimately to the Commission’s acceptance of this filing.

The changes made in this filing are ministerial and merely reconcile changes already accepted by the Commission in prior orders. This reconciliation filing only updates the attached Tariff sheets to ensure that they accurately reflect the language accepted by the Commission in prior proceedings as required by Order No. 614.

The ISO submits the enclosed tariff sheets in blacklined (Attachment 1) and clean (Attachment 2) formats for compliance with Order No. 614.

Please acknowledge receipt of the foregoing by date-stamping and returning to our messenger the enclosed extra copies of this filing.

⁹ *ISO New England Inc. and New England Power Pool*, Order On Compliance Filing, 130 FERC ¶ 61,054 (2010).

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Respectfully submitted,

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Attachments

cc: Michelle Gardner, Esq., Patrick Gerity, Esq., and Eric Runge, Esq., NEPOOL legal counsel

Attachment 1

Accepted Electric Industry Practice, sometimes referred to as Good Utility Practice, means any of the practices, methods, and acts engaged in or approved by a significant portion of the electric generation and transmission 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. Accepted Electric Industry Practice is not limited to a single, optimum practice method or act to the exclusion of others, but rather is intended to include practices, methods, or acts generally accepted in the region.

~~**Adjusted Capability** is the amount in MW provided by a Demand Resource during Real Time Demand Response and Real Time Profiled Response events, as further described in Section 7 of ISO New England Manual LRP – Load Response Program Manual.~~

Administrative Costs are those costs incurred in connection with the review of Applications for transmission service and the carrying out of System Impact Studies and Facilities Studies.

Administrative Export De-List Bid is a bid that may be submitted in a Forward Capacity Auction by certain Existing Generating Capacity Resources subject to a multi-year contract to sell capacity outside of the New England Control Area during the associated Capacity Commitment Period, as described in Section III.13.1.2.3.1.4 of Market Rule 1.

Administrative Sanctions is defined in Section III.B.4.1.2 of Appendix B of Market Rule 1.

ADR is alternative dispute resolution.

Advance is defined in Section IV.A.3.2 of the Tariff.

Affiliate, for purposes of Section I of the Tariff, is any person or entity which controls, is controlled by, or is under common control by another person or entity. For purposes of this definition, "control" means the possession, directly or indirectly and whether acting alone or in conjunction with others, of the authority to direct the management or policies of a person or entity. A voting interest of ten percent or more shall create a rebuttable presumption of control.

Affiliate, for purposes of Section II of the Tariff, is, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Affiliate Resources is defined in Section 3.3.2 of Exhibit 2 to Appendix A of Market Rule 1.

Alternative Capacity Price Rule is a rule potentially affecting Capacity Clearing Prices in a Forward Capacity Auction, as described in Section III.13.2.7.8 of Market Rule 1.

Amount Interrupted is, for purposes of the Load Response Program, the calculated difference between the Customer Baseline and the actual customer load. For generating assets, metered at the generator output, the Amount Interrupted is the generator output. ~~For a profiled customer, the Customer Baseline is defined in the Measurement and Verification Plan, referred to in Section III.E.1.5 of Market Rule 1.~~

Capacity Carry-Forward Rule is a rule potentially affecting Capacity Clearing Prices in a Forward Capacity Auction, as described in Section III.13.2.7.9 of Market Rule 1.

Capacity Clearing Price is the clearing price for a Capacity Zone for a Capacity Commitment Period resulting from the Forward Capacity Auction conducted for that Capacity Commitment Period, as determined in accordance with Section III.13.2.7 of Market Rule 1.

Capacity Commitment Period is the one-year period from June 1 through May 31 for which obligations are assumed and payments are made in the Forward Capacity Market.

Capacity Export Through Import Constrained Zone is defined in Section III.1.10.7(f)(i) of Market Rule 1.

Capacity Load Obligation is the quantity of capacity for which a Market Participant is financially responsible, equal to that Market Participant's Capacity Requirement (if any) adjusted to account for any relevant Capacity Load Obligation Bilaterals, as described in Section III.13.7.3.1 of Market Rule 1.

Capacity Load Obligation Bilateral is a bilateral contract through which a Market Participant may transfer all or a portion of its Capacity Load Obligation to another entity, as described in Section III.13.5 of Market Rule 1.

Capacity Rationing Rule addresses whether offers and bids in a Forward Capacity Auction may be rationed, as described in Section III.13.2.6 of Market Rule 1.

Capacity Requirement is a load serving entity's initially allocated share of the Installed Capacity Requirement, prior to any Capacity Load Obligation Bilaterals, during a Capacity Commitment Period for a Capacity Zone, as described in Section III.13.7.3.1 of Market Rule 1.

Facilities Study is an engineering study conducted pursuant to the OATT by the ISO (or, in the case of Local Service or interconnections to Local Area Facilities, one or more affected PTOs) or some other entity designated by the ISO in consultation with any affected Transmission Owner(s), to determine the required modifications to the PTF and Non-PTF, including the cost and scheduled completion date for such modifications, that will be required to provide a requested transmission service or interconnection on the PTF and Non-PTF.

Failure-to-Activate Penalty is the penalty associated with a Market Participant's failure to activate Forward Reserve when requested to do so by the ISO and is defined in Section III.9.7.2 of Market Rule 1.

Fast Start Generator means a generating unit that the ISO may dispatch within the hour through electronic dispatch and that meets the following criteria: (i) minimum run time does not exceed one hour; (ii) minimum down time does not exceed one hour; (iii) time to start does not exceed 30 minutes; (iv) available for dispatch and manned or has automatic remote dispatch capability; (v) capable of receiving and acknowledging a start-up or shut-down dispatch instruction electronically; and (vi) has satisfied its minimum down time.

FCA Cleared Export Transaction is defined in Section III.1.10(f)(ii) of Market Rule 1.

FCA Payment is the monthly capacity payment for a resource whose offer has cleared in a Forward Capacity Auction as described in Section III.13.7.2.1.1(a) of Market Rule 1.

FCACPZone is defined in Section III.9.8(b) of Market Rule 1.

FCM Pivotal Supplier shall mean a Lead Market Participant whose total Qualified Capacity from its Existing Capacity Resources in a Capacity Zone minus the quantity of its capacity subject to Non-Price Retirement Requests in that Capacity Zone for the current Forward Capacity Auction is greater than the difference between the total MW from qualified Existing Capacity Resources in the Capacity Zone minus the sum of the quantity of capacity subject to Non-Price Retirement Requests in that Capacity Zone plus the Local Sourcing Requirement for that Capacity Zone.

~~**Filing Entity** is a PTO or PTOs submitting a proposal to the FERC to participate in, join, or become an ITC in accordance with Attachment M of the OATT.~~

~~**Final Forward Reserve Obligation** is calculated in accordance with Section III.9.8(a) of~~

~~Market Rule 1.~~

Filing Entity is a PTO or PTOs submitting a proposal to the FERC to participate in, join, or become an ITC in accordance with Attachment M of the OATT.

Final Forward Reserve Obligation is calculated in accordance with Section III.9.8(a) of Market Rule 1.

Financial Assurance Policy for Market Participants is defined in Exhibit IA to Section I of the Tariff.

Financial Assurance Policy for Non-Market Participant Transmission Customers is defined in Exhibit IB to Section I of the Tariff.

Financial Transmission Right (FTR) is a financial instrument that evidences the rights and obligations specified in Sections III.5.2.2 and III.7 of the Tariff.

Firm Point-To-Point Service is service which is reserved and/or scheduled between specified Points of Receipt and Delivery in accordance with the applicable procedure specified in Part II.C of the OATT or the Local Service Schedule.

Firm Transmission Service is service for Native Load Customers, firm Regional Network Service, service for Excepted Transactions and certain other transactions listed in Attachment G-3, Firm MTF Service, Firm OTF Service, and firm service provided under the Local Service Schedules.

Force Majeure - An event of Force Majeure means any act of God, labor disturbance, act of the public enemy or terrorists, war, invasion, insurrection, riot, fire, storm or flood, ice, 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 the control of the ISO, a Transmission Owner, a Schedule 20A Service Provider, or a Customer, including without limitation, in the case of the ISO, any action or inaction by a Customer, a Schedule 20A Service Provider, or a Transmission Owner, in the case of a

Forward Reserve Procurement Period is defined in Section III.9.1.1 of Market Rule 1.

Forward Reserve Qualifying Megawatts refer to all or a portion of a Forward Reserve Resource's capability offered into the Real-Time Energy Market at energy offer prices above the applicable Forward Reserve Threshold Price that are calculated in accordance with Section III.9.6.4 of Market Rule 1.

Forward Reserve Resource is a Resource that meets the eligibility requirements defined in Section III.9.5.1 of Market Rule 1 that has been assigned Forward Reserve Obligation by a Market Participant.

Forward Reserve Threshold Price is the minimum price at which assigned Forward Reserve Megawatts are required to be offered into the Real-Time Energy Market as calculated in Section III.9.6.2 of Market Rule 1.

FRACPZone is defined in Section III.9.8(b) of Market Rule 1.

FTR Auction is the periodic auction of FTRs conducted by the ISO in accordance with Section III.7 of Market Rule 1.

FTR Auction Revenue is the revenue collected from the sale of FTRs in FTR Auctions. FTR Auction Revenue is payable to FTR Holders who submit their FTRs for sale in the FTR Auction in accordance with Section III.7 of Market Rule 1 and to ARR Holders in accordance with Appendix C of Market Rule 1.

FTR Holder is an entity that acquires an FTR through the FTR Auction or a subsequent bilateral arrangement pursuant to Section III.7 of Market Rule 1 and registers with the ISO as the holder of the FTR in accordance with Section III.7 of Market Rule 1 and applicable ISO New England Manuals.

Limited Energy Resource means generating resources that, due to design considerations, environmental restriction on operations, cyclical requirements, such as the need to recharge or refill or manage water flow, or fuel limitations, are unable to operate continuously at full output on a daily basis.

Load Shedding is the systematic reduction of system demand by temporarily decreasing load.

Load Asset means a physical load that has been registered in accordance with the Asset Registration Process.

Load Management ~~means for purposes of the ICAP Transition Period, is a type of Other Demand Resource as described in Section III.8.3.6.2 of Market Rule 1, and means installed measures, systems, and/or strategies on existing end-use customer facilities that curtail electrical usage or shift electrical usage from ODR Performance Hours to other hours and reduce the amount of capacity needed to deliver an equivalent or acceptable level of service at those end-use customer facilities. Such measures include, but are not limited to, energy management systems, load control end-use cycling, load curtailment strategies, chilled water storage and other forms of electricity storage. Load Management does not include measures, systems and/or strategies that participate in either the Real-Time Demand Response Program (30 Minute and 2-Hour) or in the Real-Time Profiled Response Program. For purposes of the Forward Capacity Market, **Load Management** is defined as installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that curtail electrical usage or shift electrical usage from Demand Resource On-Peak Hours, Demand Resource Seasonal Peak Hours, Demand Resource Critical Peak Hours, or Real-Time Demand Response Event Hours to~~

other hours and reduce the amount of capacity needed, while delivering a comparable or acceptable level of end-use service. Such measures include, but are not limited to, energy management systems, load control end-use cycling, load curtailment strategies, chilled water storage, and other forms of electricity storage.

Load Response Program means the program implemented and administered by the ISO to promote demand side response as described in Appendix E to Market Rule 1.

Load Response Program Asset means one or more individual end-use metered customers that report load reduction and consumption, or generator output as a single set of values, are assigned an identification number, that participate in the Load Response Program and which encompass assets registered in the Real-Time Price Response Program or Real-Time Demand Response Assets, and are further described in Appendix E of Market Rule 1.

Load-shifting means the movement of load between Market Participants, where one Market Participant's Real-Time Load Obligation decreases as load leaves to obtain service from another Market Participant whose Real-Time Load Obligation increases.

Load Zone is a Reliability Region, except as otherwise provided for in Section III.2.7 of Market Rule 1.

Local Benefit Upgrade(s) (LBU) is an upgrade, modification or addition to the transmission system that is: (i) rated below 115kV or (ii) rated 115kV or above and does not meet all of the non-voltage criteria for PTF classification specified in the OATT.

Local Control Centers are those control centers in existence as of the effective date of the OATT (including the CONVEX, REMVEC, Maine and New Hampshire control centers) or established by the PTOs in accordance with the TOA that are separate from the ISO Control Center and perform certain functions in accordance with the OATT and the TOA.

Market Rule 1 is ISO Market Rule 1 and appendices set forth in Section III of this FERC Electric Tariff No. 3, as it may be amended from time to time.

Market Violation is a tariff violation, violation of a Commission-approved order, rule or regulation, market manipulation, or inappropriate dispatch that creates substantial concerns regarding unnecessary market inefficiencies.

Material Adverse Impact is defined, for purposes of review of ITC-proposed plans, as a proposed facility or project will be deemed to cause a “material adverse impact” on facilities outside of the ITC System if: (i) the proposed facility or project causes non-ITC facilities to exceed their capabilities or exceed their thermal, voltage or stability limits, consistent with all applicable reliability criteria, or (ii) the proposed facility or project would not satisfy the standards set forth in Section I.3.9 of the Transmission, Markets and Services Tariff. This standard is intended to assure the continued service of all non-ITC Firm Load customers and the ability of the non-ITC systems to meet outstanding transmission service obligations.

Maximum Capacity Limit is the maximum amount of capacity that can be procured in an export-constrained Load Zone, calculated as described in Section III.12.2 of Market Rule 1, to meet the Installed Capacity Requirement.

Maximum Consumption Limit is the maximum amount, in MW, available from the Dispatchable Asset Related Demand for economic dispatch and is based on the physical characteristics as submitted as part of a Resource’s Offer Data except that a Self-Scheduled Dispatchable Asset Related Demand may modify its Minimum Consumption Limit on an hourly basis, as part of its Demand Bid, in order to indicate the desired level of Self-Scheduled MW.

Resource means a generating unit, a Dispatchable Asset Related Demand, an External Resource or an External Transaction.

Rest-of-Pool Capacity Zone is a single Capacity Zone made up of the adjacent Load Zones that are neither export-constrained nor import-constrained.

Revenue Requirement is defined in Section IV.A.2.1 of the Tariff.

Reviewable Action is defined in Section III.D.1.1 of Appendix D of Market Rule 1.

RSP Project List is defined in Section 1 of Attachment K to the OATT.

RTEP02 Upgrade(s) means a Transmission Upgrade that was included in the annual NEPOOL Transmission Plan (also known as the “Regional Transmission Expansion Plan” or “RTEP”) for the year 2002, as approved by ISO New England Inc.’s Board of Directors, or the functional equivalent of such Transmission Upgrade, as determined by ISO New England Inc. The RTEP02 Upgrades are listed in Schedule 12B of the OATT.

RTO is a regional transmission organization or comparable independent transmission organization that complies with Order No. 2000 and the Commission’s corresponding regulation.

Same Reserve Zone Export Transaction is defined in Section III.1.10.7(f)(iii) of Market Rule 1.

Sanctionable Behavior is defined in Section III.B.3 of Appendix B of Market Rule 1.

Sanctions Rule is defined in Section III.B of the Tariff (Appendix B to Market Rule 1).

Schedule, Schedules, Schedule 1, 2 and 3 are references to the individual or collective schedules to Section IV.A. of the Tariff.

Transmission Upgrade(s) means an upgrade, modification or addition to the PTF that becomes subject to the terms and conditions of the OATT governing rates and service on the PTF on or after January 1, 2004. This categorization and cost allocation of Transmission Upgrades shall be as provided for in Schedule 12 of the OATT.

UCS is Unit Commitment Software as more fully defined in Section III.A.5.5.3 of Appendix A of Market Rule 1.

UDS is Unit Dispatch System Software, as more fully defined in Section III.A.5.5.3 of Appendix A of Market Rule 1.

Unconstrained Export Transaction is defined in Section III.1.10.7(f)(iv) of Market Rule 1.

Unforced Capacity (UCAP) is a MW amount of installed capacity of a Resource or a region that has been adjusted to account for availability.

Unforced Capacity Rating (UCAP Rating) means the MW amount of capacity for which an ICAP Resource, other than a Dispatchable Asset Related Demand Resource, will receive ICAP Payments, as described in Section III.8 of Market Rule 1.

Attachment 2

Accepted Electric Industry Practice, sometimes referred to as Good Utility Practice, means any of the practices, methods, and acts engaged in or approved by a significant portion of the electric generation and transmission 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. Accepted Electric Industry Practice is not limited to a single, optimum practice method or act to the exclusion of others, but rather is intended to include practices, methods, or acts generally accepted in the region.

Administrative Costs are those costs incurred in connection with the review of Applications for transmission service and the carrying out of System Impact Studies and Facilities Studies.

Administrative Export De-List Bid is a bid that may be submitted in a Forward Capacity Auction by certain Existing Generating Capacity Resources subject to a multi-year contract to sell capacity outside of the New England Control Area during the associated Capacity Commitment Period, as described in Section III.13.1.2.3.1.4 of Market Rule 1.

Administrative Sanctions is defined in Section III.B.4.1.2 of Appendix B of Market Rule 1.

ADR is alternative dispute resolution.

Advance is defined in Section IV.A.3.2 of the Tariff.

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Capacity Clearing Price is the clearing price for a Capacity Zone for a Capacity Commitment Period resulting from the Forward Capacity Auction conducted for that Capacity Commitment Period, as determined in accordance with Section III.13.2.7 of Market Rule 1.

Capacity Commitment Period is the one-year period from June 1 through May 31 for which obligations are assumed and payments are made in the Forward Capacity Market.

Capacity Export Through Import Constrained Zone is defined in Section III.1.10.7(f)(i) of Market Rule 1.

Capacity Load Obligation is the quantity of capacity for which a Market Participant is financially responsible, equal to that Market Participant's Capacity Requirement (if any) adjusted to account for any relevant Capacity Load Obligation Bilaterals, as described in Section III.13.7.3.1 of Market Rule 1.

Capacity Load Obligation Bilateral is a bilateral contract through which a Market Participant may transfer all or a portion of its Capacity Load Obligation to another entity, as described in Section III.13.5 of Market Rule 1.

Capacity Rationing Rule addresses whether offers and bids in a Forward Capacity Auction may be rationed, as described in Section III.13.2.6 of Market Rule 1.

Capacity Requirement is a load serving entity's initially allocated share of the Installed Capacity Requirement, prior to any Capacity Load Obligation Bilaterals, during a Capacity Commitment Period for a Capacity Zone, as described in Section III.13.7.3.1 of Market Rule 1.

Facilities Study is an engineering study conducted pursuant to the OATT by the ISO (or, in the case of Local Service or interconnections to Local Area Facilities, one or more affected PTOs) or some other entity designated by the ISO in consultation with any affected Transmission Owner(s), to determine the required modifications to the PTF and Non-PTF, including the cost and scheduled completion date for such modifications, that will be required to provide a requested transmission service or interconnection on the PTF and Non-PTF.

Failure-to-Activate Penalty is the penalty associated with a Market Participant's failure to activate Forward Reserve when requested to do so by the ISO and is defined in Section III.9.7.2 of Market Rule 1.

Fast Start Generator means a generating unit that the ISO may dispatch within the hour through electronic dispatch and that meets the following criteria: (i) minimum run time does not exceed one hour; (ii) minimum down time does not exceed one hour; (iii) time to start does not exceed 30 minutes; (iv) available for dispatch and manned or has automatic remote dispatch capability; (v) capable of receiving and acknowledging a start-up or shut-down dispatch instruction electronically; and (vi) has satisfied its minimum down time.

FCA Cleared Export Transaction is defined in Section III.1.10(f)(ii) of Market Rule 1.

FCA Payment is the monthly capacity payment for a resource whose offer has cleared in a Forward Capacity Auction as described in Section III.13.7.2.1.1(a) of Market Rule 1.

FCACPZone is defined in Section III.9.8(b) of Market Rule 1.

FCM Pivotal Supplier shall mean a Lead Market Participant whose total Qualified Capacity from its Existing Capacity Resources in a Capacity Zone minus the quantity of its capacity subject to Non-Price Retirement Requests in that Capacity Zone for the current Forward Capacity Auction is greater than the difference between the total MW from qualified Existing Capacity Resources in the Capacity Zone minus the sum of the quantity of capacity subject to Non-Price Retirement Requests in that Capacity Zone plus the Local Sourcing Requirement for that Capacity Zone.

Filing Entity is a PTO or PTOs submitting a proposal to the FERC to participate in, join, or become an ITC in accordance with Attachment M of the OATT.

Final Forward Reserve Obligation is calculated in accordance with Section III.9.8(a) of Market Rule 1.

Financial Assurance Policy for Market Participants is defined in Exhibit IA to Section I of the Tariff.

Financial Assurance Policy for Non-Market Participant Transmission Customers is defined in Exhibit IB to Section I of the Tariff.

Financial Transmission Right (FTR) is a financial instrument that evidences the rights and obligations specified in Sections III.5.2.2 and III.7 of the Tariff.

Firm Point-To-Point Service is service which is reserved and/or scheduled between specified Points of Receipt and Delivery in accordance with the applicable procedure specified in Part II.C of the OATT or the Local Service Schedule.

Firm Transmission Service is service for Native Load Customers, firm Regional Network Service, service for Excepted Transactions and certain other transactions listed in Attachment G-3, Firm MTF Service, Firm OTF Service, and firm service provided under the Local Service Schedules.

Force Majeure - An event of Force Majeure means any act of God, labor disturbance, act of the public enemy or terrorists, war, invasion, insurrection, riot, fire, storm or flood, ice, 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 the control of the ISO, a Transmission Owner, a Schedule 20A Service Provider, or a Customer, including without limitation, in the case of the ISO, any action or inaction by a Customer, a Schedule 20A Service Provider, or a Transmission Owner, in the case of a

Forward Reserve Procurement Period is defined in Section III.9.1.1 of Market Rule 1.

Forward Reserve Qualifying Megawatts refer to all or a portion of a Forward Reserve Resource's capability offered into the Real-Time Energy Market at energy offer prices above the applicable Forward Reserve Threshold Price that are calculated in accordance with Section III.9.6.4 of Market Rule 1.

Forward Reserve Resource is a Resource that meets the eligibility requirements defined in Section III.9.5.1 of Market Rule 1 that has been assigned Forward Reserve Obligation by a Market Participant.

Forward Reserve Threshold Price is the minimum price at which assigned Forward Reserve Megawatts are required to be offered into the Real-Time Energy Market as calculated in Section III.9.6.2 of Market Rule 1.

FRACPZone is defined in Section III.9.8(b) of Market Rule 1.

FTR Auction is the periodic auction of FTRs conducted by the ISO in accordance with Section III.7 of Market Rule 1.

FTR Auction Revenue is the revenue collected from the sale of FTRs in FTR Auctions. FTR Auction Revenue is payable to FTR Holders who submit their FTRs for sale in the FTR Auction in accordance with Section III.7 of Market Rule 1 and to ARR Holders in accordance with Appendix C of Market Rule 1.

FTR Holder is an entity that acquires an FTR through the FTR Auction or a subsequent bilateral arrangement pursuant to Section III.7 of Market Rule 1 and registers with the ISO as the holder of the FTR in accordance with Section III.7 of Market Rule 1 and applicable ISO New England Manuals.

Limited Energy Resource means generating resources that, due to design considerations, environmental restriction on operations, cyclical requirements, such as the need to recharge or refill or manage water flow, or fuel limitations, are unable to operate continuously at full output on a daily basis.

Load Shedding is the systematic reduction of system demand by temporarily decreasing load.

Load Asset means a physical load that has been registered in accordance with the Asset Registration Process.

Load Management means installed measures (e.g., products, equipment, systems, services, practices and/or strategies) on end-use customer facilities that curtail electrical usage or shift electrical usage from Demand Resource On-Peak Hours, Demand Resource Seasonal Peak Hours, Demand Resource Critical Peak Hours, or Real-Time Demand Response Event Hours to

other hours and reduce the amount of capacity needed, while delivering a comparable or acceptable level of end-use service. Such measures include, but are not limited to, energy management systems, load control end-use cycling, load curtailment strategies, chilled water storage, and other forms of electricity storage.

Load Response Program means the program implemented and administered by the ISO to promote demand side response as described in Appendix E to Market Rule 1.

Load Response Program Asset means one or more individual end-use metered customers that report load reduction and consumption, or generator output as a single set of values, are assigned an identification number, that participate in the Load Response Program and which encompass assets registered in the Real-Time Price Response Program or Real-Time Demand Response Assets, and are further described in Appendix E of Market Rule 1.

Load-shifting means the movement of load between Market Participants, where one Market Participant's Real-Time Load Obligation decreases as load leaves to obtain service from another Market Participant whose Real-Time Load Obligation increases.

Load Zone is a Reliability Region, except as otherwise provided for in Section III.2.7 of Market Rule 1.

Local Benefit Upgrade(s) (LBU) is an upgrade, modification or addition to the transmission system that is: (i) rated below 115kV or (ii) rated 115kV or above and does not meet all of the non-voltage criteria for PTF classification specified in the OATT.

Local Control Centers are those control centers in existence as of the effective date of the OATT (including the CONVEX, REMVEC, Maine and New Hampshire control centers) or established by the PTOs in accordance with the TOA that are separate from the ISO Control Center and perform certain functions in accordance with the OATT and the TOA.

Market Rule 1 is ISO Market Rule 1 and appendices set forth in Section III of this FERC Electric Tariff No. 3, as it may be amended from time to time.

Market Violation is a tariff violation, violation of a Commission-approved order, rule or regulation, market manipulation, or inappropriate dispatch that creates substantial concerns regarding unnecessary market inefficiencies.

Material Adverse Impact is defined, for purposes of review of ITC-proposed plans, as a proposed facility or project will be deemed to cause a “material adverse impact” on facilities outside of the ITC System if: (i) the proposed facility or project causes non-ITC facilities to exceed their capabilities or exceed their thermal, voltage or stability limits, consistent with all applicable reliability criteria, or (ii) the proposed facility or project would not satisfy the standards set forth in Section I.3.9 of the Transmission, Markets and Services Tariff. This standard is intended to assure the continued service of all non-ITC Firm Load customers and the ability of the non-ITC systems to meet outstanding transmission service obligations.

Maximum Capacity Limit is the maximum amount of capacity that can be procured in an export-constrained Load Zone, calculated as described in Section III.12.2 of Market Rule 1, to meet the Installed Capacity Requirement.

Maximum Consumption Limit is the maximum amount, in MW, available from the Dispatchable Asset Related Demand for economic dispatch and is based on the physical characteristics as submitted as part of a Resource’s Offer Data except that a Self-Scheduled Dispatchable Asset Related Demand may modify its Minimum Consumption Limit on an hourly basis, as part of its Demand Bid, in order to indicate the desired level of Self-Scheduled MW.

Resource means a generating unit, a Dispatchable Asset Related Demand, an External Resource or an External Transaction.

Rest-of-Pool Capacity Zone is a single Capacity Zone made up of the adjacent Load Zones that are neither export-constrained nor import-constrained.

Revenue Requirement is defined in Section IV.A.2.1 of the Tariff.

Reviewable Action is defined in Section III.D.1.1 of Appendix D of Market Rule 1.

RSP Project List is defined in Section 1 of Attachment K to the OATT.

RTEP02 Upgrade(s) means a Transmission Upgrade that was included in the annual NEPOOL Transmission Plan (also known as the “Regional Transmission Expansion Plan” or “RTEP”) for the year 2002, as approved by ISO New England Inc.’s Board of Directors, or the functional equivalent of such Transmission Upgrade, as determined by ISO New England Inc. The RTEP02 Upgrades are listed in Schedule 12B of the OATT.

RTO is a regional transmission organization or comparable independent transmission organization that complies with Order No. 2000 and the Commission’s corresponding regulation.

Same Reserve Zone Export Transaction is defined in Section III.1.10.7(f)(iii) of Market Rule 1.

Sanctionable Behavior is defined in Section III.B.3 of Appendix B of Market Rule 1.

Sanctions Rule is defined in Section III.B of the Tariff (Appendix B to Market Rule 1).

Schedule, Schedules, Schedule 1, 2 and 3 are references to the individual or collective schedules to Section IV.A. of the Tariff.

Transmission Upgrade(s) means an upgrade, modification or addition to the PTF that becomes subject to the terms and conditions of the OATT governing rates and service on the PTF on or after January 1, 2004. This categorization and cost allocation of Transmission Upgrades shall be as provided for in Schedule 12 of the OATT.

UCS is Unit Commitment Software as more fully defined in Section III.A.5.5.3 of Appendix A of Market Rule 1.

UDS is Unit Dispatch System Software, as more fully defined in Section III.A.5.5.3 of Appendix A of Market Rule 1.

Unconstrained Export Transaction is defined in Section III.1.10.7(f)(iv) of Market Rule 1.

Unforced Capacity (UCAP) is a MW amount of installed capacity of a Resource or a region that has been adjusted to account for availability.

Unforced Capacity Rating (UCAP Rating) means the MW amount of capacity for which an ICAP Resource, other than a Dispatchable Asset Related Demand Resource, will receive ICAP Payments, as described in Section III.8 of Market Rule 1.