

5.12.8 **Unforced Capacity Sales**

Each Installed Capacity Supplier will, after satisfying the deliverability requirements set forth in the applicable provisions of Attachments S, X, Z, or HH to the ISO OATT, be authorized to supply an amount of Unforced Capacity during each Obligation Procurement Period, based on separate seasonal Unforced Capacity calculations performed by the ISO for the Summer and Winter Capability Periods and subject to Section 5.11.7 of this ISO Services Tariff. Unforced Capacity may be sold in six-month strips or in monthly or multi-monthly segments.

External Unforced Capacity (except External Installed Capacity associated with UDRs) may only be offered into Capability Period Auctions or Monthly Auctions for the Rest of State and ICAP Spot Market Auctions for the NYCA and may not be offered into a Locality for an ICAP Auction. Bilateral Transactions that certify External Unforced Capacity using Import Rights, EDRs, or External CRIS Rights may not be used to satisfy a Locational Minimum Unforced Capacity Requirement.

UCAP from an RMR Generator may only be offered into the ICAP Spot Market Auction, except and only to the extent that the RMR Agreement expressly permits the RMR Generator's UCAP to be certified in a Bilateral Transaction.

If an Energy Limited Resource's, Generator's, System Resource's, Control Area System Resource's, or Aggregation's DMNC rating, or the DMGC rating of a Generator of a Behind-the-Meter Net Generation Resource, if applicable, is determined to have increased during an Obligation Procurement Period, pursuant to testing procedures described in the ISO Procedures, the amount of Unforced Capacity that it shall be authorized to supply in that or future Obligation Procurement Periods shall also be increased on a prospective basis in accordance with the schedule set forth in the ISO Procedures provided that it first has satisfied the deliverability requirements set forth in the applicable provisions of Attachments S, X, Z, or HH to the ISO OATT.

New Resources and Resources that have increased their Capacity since the previous Summer Capability Period due to changes in their generating equipment and/or Demand Reduction capabilities may, after satisfying the deliverability requirements set forth in the applicable provisions of Attachments S, X, Z or HH to the ISO OATT, qualify to supply Unforced Capacity on a foregoing basis during the Summer Capability Period based upon a DMNC test, or the DMGC test of a Resource of a Behind-the-Meter Net Generation Resource, that is performed and reported to the ISO after March 1 and prior to the beginning of the Summer Capability Period DMNC Test Period. The Resource will be required to verify the claimed DMNC or DMGC rating by performing an additional test during the Summer DMNC Test Period. Any shortfall between the amount of Unforced Capacity supplied by the Resource for the Summer Capability Period and the amount verified during the Summer DMNC Test Period will be subject to deficiency charges pursuant to Section 5.14.2 of this Services Tariff. The deficiency charges will be applied to no more than the difference between the Resource's

previous Summer Capability Period Unforced Capacity and the amount of Unforced Capacity equivalent the Resource supplied for the Summer Capability Period.

New Resources and Resources that have increased their Capacity since the previous Winter Capability Period due to changes in their generating equipment and/or Demand Reduction capabilities may, after satisfying the deliverability requirements set forth in the applicable provisions of Attachments S, X, Z or HH to the ISO OATT, qualify to supply Unforced Capacity on a foregoing basis during the Winter Capability Period based upon a DMNC test, or the DMGC test of a Resource of a Behind-the-Meter Net Generation Resource, that is performed and reported to the ISO after September 1 and prior to the beginning of the Winter Capability Period DMNC Test Period. The Resource will be required to verify the claimed DMNC or DMGC rating by performing an additional test during the Winter Capability Period DMNC Test Period. Any shortfall between the amount of Unforced Capacity certified by the Resource for the Winter Capability Period and the amount verified during the Winter Capability Period DMNC Test Period will be subject to deficiency charges pursuant to Section 5.14.2 of this Services Tariff. The deficiency charges will be applied to no more than the difference between the Resource's previous Winter Capability Period Unforced Capacity and the amount of Unforced Capacity equivalent the Resource supplied for the Winter Capability Period.

Any Installed Capacity Supplier, except as noted in Section 5.12.11 of this Services Tariff, which fails on a daily basis to schedule, Bid, or declare to be unavailable in the Day-Ahead Market an amount of Unforced Capacity, expressed in terms of Installed Capacity Equivalent, that it certified for that day, rounded down to the nearest 0.1 MW, or rounded down to the nearest whole MW for an External Installed Capacity Supplier, is subject to sanctions pursuant to Section 5.12.12.2 of this Services Tariff. If an entity other than the owner of an

Energy Limited Resource, Generator, System Resource, Behind-the-Meter Net Generation Resource, Control Area System Resource, or Aggregation that is providing Unforced Capacity is responsible for fulfilling bidding, scheduling, and notification requirements, the owner and that entity must designate to the ISO which of them will be responsible for complying with the scheduling, bidding, and notification requirements. The designated bidding and scheduling entity shall be subject to sanctions pursuant to Section 5.12.12.2 of this Services Tariff.