

ISO-NE ICAP and LICAP Definitions

Version 1.0 – April 8, 2005

©2005 by the Edison Electric Institute

ALL RIGHTS RESERVED UNDER U.S. AND FOREIGN LAW, TREATIES AND CONVENTIONS.
AUTOMATIC LICENSE – PERMISSION OF THE COPYRIGHT OWNERS IS GRANTED FOR REPRODUCTION
BY DOWNLOADING FROM A COMPUTER AND PRINTING ELECTRONIC COPIES OF THE WORK. NO
AUTHORIZED COPY MAY BE SOLD. WHEN USED AS A REFERENCE, ATTRIBUTION TO THE
COPYRIGHT OWNERS IS REQUESTED.

ISO-NE ICAP and LICAP Definitions

Product:

“ISO-NE ICAP” : Installed Capacity, as such term is defined in New England Power Pool (“NEPOOL”) Market Rule 1 for Installed Capacity and to be incorporated in the RTO tariff for ISO New England (“ISO-NE”) tariff (the Market Rule or ISO-NE Tariff hereinafter referred to as the “Tariff”), as that definition is as amended from time to time and further detailed in the NEPOOL Manual for Installed Capacity (Manual M-20), including without limitation, Locational Installed Capacity (“LICAP”), subject to the following terms and conditions. Terms used herein which are not defined in the Master Agreement shall have the meaning ascribed to them in the Tariff or in the relevant NEPOOL and/or ISO-NE manuals and agreements.

Scheduling:

Seller shall take such action as required by ISO-NE no later than the relevant deadline for the applicable Obligation Month to identify the Contract Quantity and Delivery Point of the Product to be sold to Buyer. Buyer shall take such action as required by ISO-NE no later than the relevant deadline for the applicable Obligation Month to identify and/or confirm the Contract Quantity and Delivery Point of the Product to be purchased from Seller.

Buyer’s Damages Associated with Seller’s Failure to Timely Schedule:

If Seller fails to take such action as ISO-NE requires to schedule the Product for an applicable Obligation Month, and such failure is not due to Force Majeure and Buyer has fulfilled its obligations under this Product and its corresponding Transaction, then Seller shall pay to Buyer, on the date payment would otherwise be due to Seller hereunder, an amount equal to the product of (i) the Contract Quantity not scheduled, and (ii) the positive difference, if any, obtained from subtracting the Contract Price from the Capacity Replacement Price. The remedy set forth herein shall be the sole remedy for Seller’s unexcused failure to schedule and/or deliver and, for the purposes of this Product, shall supersede and replace the provisions of Section 4.1 of the Master Agreement.

Seller’s Damages Associated with Buyer’s Failure to Timely Confirm:

If Buyer fails to take such action as ISO-NE requires to schedule or confirm Seller’s schedule of the Product for an Obligation Month, and such failure is not due to Force Majeure and Seller has fulfilled its obligations under this Product and its corresponding Transaction, then Buyer shall pay to Seller, on the date payment would otherwise be due to Seller hereunder, an amount equal to the product of (i) the Contract Quantity not confirmed, and (ii) the positive difference, if any, obtained from subtracting the Capacity Sales Price from the Contract Price. The remedy set forth herein shall be the sole remedy for Buyer’s unexcused failure to schedule, confirm and/or receive and, for the purposes

of this Product, shall supersede and replace the provisions of Section 4.2 of the Master Agreement.

Payments:

If Seller and Buyer enter into a Transaction with respect to the Product for a Delivery Period which exceeds one month, the Parties agree that Buyer shall be obligated to pay for such Product on a monthly basis for each month in the Delivery Period, which amount, in a given month, shall be equal to the Contract Quantity times Contract Price.

Additional Definitions:

“Capacity Replacement Price” means (a) the price per MW at which Buyer, acting in a commercially reasonable manner, purchases a replacement for that amount of the Product not delivered by Seller at the Delivery Point, increased to reflect recovery by Buyer of all costs reasonably incurred by Buyer in purchasing such substitute Product, or at Buyer’s, option (b) the price per MW that would be required to be paid under the Tariff for the Product received that Obligation Month at the applicable Delivery Point (which ISO-NE currently posts at <http://www.iso-ne.com>); provided, however, **IN NO EVENT SHALL THE CAPACITY REPLACEMENT PRICE BE CONSIDERED A PENALTY OR INCLUDE ANY PENALTIES OR SIMILAR CHARGES (INCLUDING RMR OR SIMILAR PAYMENTS), NOR SHALL BUYER BE REQUIRED TO UTILIZE OR CHANGE ITS UTILIZATION OF ITS OWNED OR CONTROLLED ASSETS OR MARKET POSITIONS TO MINIMIZE SELLER’S LIABILITY.** For purposes of this Product, this definition of “Capacity Replacement Price” shall supersede and replace the definition of “Replacement Price” in the Master Agreement.

“Capacity Sales Price” means (a) the price per MW at which Seller, acting in a commercially reasonable manner, resells that amount of the Product not received by Buyer, decreased to remove any costs reasonably incurred by Seller in reselling such Product, or at Seller’s option (b) the price per MW that would be required to be paid under the Tariff for the Product received that Obligation Month at the applicable Delivery Point (which ISO-NE currently posts at <http://www.iso-ne.com>); provided, however, **IN NO EVENT SHALL THE CAPACITY SALES PRICE BE CONSIDERED A PENALTY OR INCLUDE ANY PENALTIES OR SIMILAR CHARGES, NOR SHALL SELLER BE REQUIRED TO UTILIZE OR CHANGE ITS UTILIZATION OF ITS OWNED OR CONTROLLED ASSETS, INCLUDING CONTRACTUAL ASSETS, OR MARKET POSITIONS TO MINIMIZE BUYER’S LIABILITY.** For purposes of this Product, this definition of “Capacity Sales Price” shall supersede and replace the definition of “Sales Price” in the Master Agreement.

“Delivery Point” for the purchase and sale of ISO-NE ICAP shall be the NEPOOL PTF and for the purchase and sale of LICAP shall be the LICAP Delivery Region(s) specified in the Transaction; provided, however, that if during the Delivery Period, ISO-NE divides a LICAP Delivery Region into multiple regions, the Delivery Point for that Transaction shall be split among the newly defined regions in proportion to the most recent year’s actual load weighted average of the nodes constituting each newly defined region as a fraction of the total original LICAP Delivery Region. For purposes of this Product, this definition of “Delivery Point” shall supersede and replace the definition of “Delivery Point” in the Master Agreement.

“LICAP Delivery Region” means the (1) Southwest Connecticut (SWCT) Region, (2) the Rest of Connecticut (Rest of CT) Region, (3) Northeast Massachusetts/Boston (NEMA/Boston) Region, (4) Maine Region or (5) the NEPOOL Region (excluding the SWCT, Rest of CT, NEMA/Boston and Maine Regions and commonly referred to as “Rest of Pool”).



**EDISON ELECTRIC
INSTITUTE**

701 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2696
202-508-5000
www.eei.org