

ATTACHMENT AA
COMPENSATION AND COST RECOVERY
FOR ACTIONS DURING EMERGENCY CONDITION

A. GENERAL

Pursuant to Sections 3.4 and 3.6 of the Operating Protocol for Existing Generators, Article 7 of the IOA, Article 13 of the LGIA, and pursuant to Article III, Section I and Appendix E of the ISO Agreement, the Transmission Provider has the authority to direct Generation Resources to provide any of the following services during an Emergency or Emergency System Conditions including: (1) shut down, start up, and increase or decrease real or reactive power output of the Generation Resource; (2) implement a reduction or disconnection pursuant to Articles 7.7 and 7.8 of the IOA and Article 13.5.2 of the LGIA; (3) assist with black start (if available) or restoration efforts; and/or (4) defer a scheduled outage. In addition, during an Emergency or Emergency System Condition, the Transmission Provider has the authority to address shortage conditions in the Real-Time Energy Markets and during a Maximum Generation Emergency under Sections 40.2.15, 40.2.17, and 48 of the Tariff, as may be further set forth in the Business Practices Manuals.

B. COMPENSATION FOR EMERGENCY CONDITION SERVICES

If the Transmission Provider requests or directs the Generation Resource, either directly or through a Local Balancing Authority, to provide such services during an Emergency or Emergency System Conditions, the Market Participant owning the Generation Resource shall be compensated in accordance with the provisions of Sections 40.2.15, 40.2.17 or 48 of this Tariff. Notwithstanding the foregoing, if a Restoration Event has been declared (as defined in and

governed by Schedule 52), the Market Participant owning a Generation Resource that becomes a Restoration Resource under Schedule 52 shall be compensated as a Restoration Resource pursuant to Schedule 52 for the period of the Restoration Event and not under Attachment AA for the same period.

Where a Generation Resource has cleared the Day-Ahead Energy Market, is directed by the Transmission Provider to reduce production below the Day-Ahead cleared level, and is required to settle the associated negative Day-Ahead imbalance at a higher Hourly Real-Time Ex Post LMP, the Generation Resource shall be reimbursed for such cost based on the difference in Real-Time output from that cleared Day-Ahead multiplied by the difference between Hourly Real-Time Ex Post LMP and Day-Ahead Ex Post LMP. Costs associated with such reimbursements will be allocated to all Load on a Load Ratio Share basis.

C. EMERGENCY REDISPATCH COST RECOVERY

The Transmission Provider reserves the right to assign all costs of Emergency or Emergency System Conditions to an individual Transmission Customer(s), or a Market Participant(s) owning a Resource(s) where circumstances conclusively demonstrate that the actions or inactions of one or more such Transmission Customer(s) or Market Participant(s), which were in violation of a Transmission Provider directive and Good Utility Practices, proximately caused the Emergency or Emergency System Conditions to arise, provided that, prior to any such direct assignment of costs, the Transmission Provider must receive approval from the Commission pursuant to a filing under Section 205 of the Federal Power Act. To the extent that any costs are directly assigned hereunder, the cost allocation set forth in Section 40.2.17(e) would not then apply.

D. BILLING

The Transmission Provider shall submit invoices to the Market Participant or Transmission Customer for the charges incurred under this Attachment AA pursuant to Section 7.6 of this Tariff.

E. INFORMATION

1. Information in Support of Emergency Condition Services

Generation Resource will provide the Transmission Provider with information sufficient to permit the Transmission Provider to verify Generation Resource's invoice for service under this Attachment AA. Unless otherwise mutually agreed, Generation Resource will provide such information within 15 days of Generation Resource's provision of Emergency Condition Services. Upon written request of Generation Resource, the Transmission Provider will provide Generation Resource with information sufficient to permit Generation Resource to verify that the Transmission Provider's request for services under this Attachment AA was consistent with the purposes for which such services may be requested, as set forth herein. Unless otherwise mutually agreed, such information will be provided within 15 days by the Transmission Provider.

2. Verification of Emergency Condition

Upon written request of Generation Resource, the Transmission Provider will provide within 15 days of such written request, all documentation supporting the existence of an Emergency Condition. Disputes about the existence of an Emergency Condition shall be submitted for resolution in accordance with the dispute resolution procedures of the Tariff. If the Transmission Provider orders the provision of Emergency Condition Services through a

Balancing Authority, the Transmission Provider will direct the Balancing Authority to advise the Generation Resource that the redispatch is at the direction of the Transmission Provider and shall provide confirmation of such direction within seventy-two (72) hours of issuance of the redispatch order.

3. Confidential Information

Generation Resource will indicate and mark any such Confidential Information that is provided to the Transmission Provider that is not publicly available or of a proprietary nature. The Transmission Provider will keep such information confidential in accordance with the Standards of Conduct, Appendix A of the ISO Agreement, on file with the Commission, and the relevant provisions of the Tariff.