

SCHEDULE 2

Reactive Supply And Voltage Control From Generation or Other Sources Service

I. GENERAL

In order to maintain transmission voltages on the Transmission Provider's transmission facilities within acceptable limits, resources capable of providing this service that are connected to the Transmission Provider's transmission facilities are operated to produce or absorb reactive power. Thus, service under this Schedule 2 - Reactive Supply and Voltage Control from Generation or Other Sources Service must be provided for each transaction on the Transmission System. The amount of Reactive Supply and Voltage Control from Generation or Other Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined by the Transmission Provider based on the reactive power support necessary to maintain transmission voltages within the voltage range and the resulting reactive power range that are generally accepted in the region and consistently adhered to by the Transmission Provider.

Reactive Supply and Voltage Control from Generation or Other Sources Service is to be provided by the Transmission Provider by making arrangements with the Transmission Operator(s) that acquires this service for the Transmission Provider's Transmission System, except that, in the case of ITC Reactive Supply and Voltage Control from Generation Sources Service, the service may, at the election of the ITC, be acquired by the ITC in accordance with the ITC Control Area Services and Operations Tariff and the standards for qualification of generation resources (not necessarily "Generation Resources") set out in this Schedule 2. The

Transmission Customer must purchase this service from the Transmission Provider or from the ITC, as appropriate.

The Transmission Provider is not charging for Reactive Supply and Voltage Control from Generation or Other Sources Service under this Schedule 2 from Transmission Owner resources or Transmission Owner affiliated resources. As a result, there will be no separate charge to compensate any generation resource for reactive service provided within the standard power factor range.