

5.14 Installed Capacity Spot Market Auction and Installed Capacity Supplier Deficiencies

5.14.1 LSE Participation in the ICAP Spot Market Auction

5.14.1.1 ICAP Spot Market Auction

When the ISO conducts each ICAP Spot Market Auction it will account for all Unforced Capacity that each NYCA LSE has certified for use in the NYCA to meet its NYCA Minimum Installed Capacity Requirement or Locational Minimum Installed Capacity Requirement, as applicable, whether purchased through Bilateral Transactions or in prior auctions. The ISO shall receive offers of Unforced Capacity that has not previously been purchased through Bilateral Transactions or in prior auctions from qualified Installed Capacity Suppliers for the ICAP Spot Market Auction. The ISO shall also receive offers of Unforced Capacity from any LSE for any amount of Unforced Capacity that the LSE has in excess of its NYCA Minimum Unforced Capacity Requirement or Locational Minimum Unforced Capacity Requirement, as applicable. Unforced Capacity that will be exported from the New York Control Area during the month for which Unforced capacity is sold in an ICAP Sport Market Auction shall be certified to the NYISO by the certification deadline for that auction.

The ISO shall conduct an ICAP Spot Market Auction to purchase Unforced Capacity which shall be used by an LSE toward all components of its LSE Unforced Capacity Obligation for each Obligation Procurement Period immediately preceding the start of each Obligation Procurement Period. The exact date of the ICAP Spot Market Auction shall be established in the ISO Procedures. All LSEs shall participate in the ICAP Spot Market Auction. In the ICAP Spot Market Auction, the ISO shall submit monthly bids on behalf of all LSEs at a level per MW determined by the ICAP Demand Curves established in accordance with this Tariff and the ISO

Procedures. The ICAP Spot Market Auction will set the LSE Unforced Capacity Obligation for each NYCA LSE in accordance with the ISO Procedures.

The ICAP Spot Market Auction will be conducted and solved simultaneously for Unforced Capacity that may be used by an LSE towards all components of its LSE Unforced Capacity Obligation for that Obligation Procurement Period using the applicable ICAP Demand Curves, as established in accordance with the ISO Procedures. LSEs that are awarded Unforced Capacity in the ICAP Spot Market Auction shall pay to the ISO the Market-Clearing Price of Unforced Capacity determined in the ICAP Spot Market Auction using the applicable ICAP Demand Curve. The ISO shall pay each Installed Capacity Supplier that is selected to provide Unforced Capacity the Market-Clearing Price determined in the ICAP Spot Market Auction using the ICAP Demand Curve applicable to its offer.

5.14.1.2 Demand Curve and Adjustments

ICAP Demand Curves will be established to determine (a) the locational component of LSE Unforced Capacity Obligations for each Locality (b) the locational component of LSE Unforced Capacity Obligations for any New Capacity Zone, and (c) the total LSE Unforced Capacity Obligations for all LSEs. The ICAP Demand Curves for the 2013/2014, 2014/2015, 2015/2016, and 2016/2017 Capability Years shall be established at the following points:

Capability Year	5/1/2013 to 4/30/2014	5/1/2014 to 4/30/2015	5/1/2015 to 4/30/2016	5/1/2016 to 4/30/2017
NYCA	Max @ \$15.48 \$9.15 @ 100% \$0.00 @ 112%	Max @ \$13.50 \$8.84 @ 100% \$0.00 @ 112%	Max @ \$13.79 \$9.03 @ 100% \$0.00 @ 112 %	Max @ \$14.10 \$9.23 @ 100% \$0.00 @ 112%
NYC	Max @ \$36.04 \$19.85 @ 100% \$0.00 @ 118%	Max @ \$26.14 \$18.55 @ 100% \$0.00 @ 118%	Max @ \$26.72 \$ 18.95 @ 100% \$0.00 @ 118%	Max @ \$27.31 \$19.37 @ 100% \$0.00 @ 118%