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**VIA ELECTRONIC DELIVERY**

April 21, 2014

The Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: Midcontinent Independent System Operator, Inc. (Part II of II)  
Proposed Revisions to the Transmission Owners Agreement, MISO Tariff,  
and MISO-MH Coordination Agreement  
Filing to Remove References to the Funds Trust Agreement  
Docket No. ER14-\_\_\_\_-000 - Expedited Action Requested**

Dear Secretary Bose:

Due to Midcontinent Independent System Operator's ("MISO") eTariff software constraints, MISO is unable to package revisions to its Open Access Transmission, Energy and Operating Reserve Markets Tariff ("Tariff") and the Agreement of Transmission Facilities Owners to Organize the Midcontinent Independent System Operator, Inc., A Delaware Non-Stock Corporation ("Transmission Owners Agreement") and the Coordination Agreement By and Between MISO and Manitoba Hydro ("MISO-MH Coordination Agreement") in the same filing because they do not share the same Tariff Identifier. Accordingly, MISO and the MISO Transmission Owners<sup>1</sup> (collectively the "Filing Parties") are submitting two separate but related

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<sup>1</sup> The MISO Transmission Owners for this filing consist of: Ameren Services Company, as agent for Union Electric Company d/b/a Ameren Missouri, Ameren Illinois Company d/b/a Ameren Illinois and Ameren Transmission Company of Illinois; American Transmission Company LLC; Arkansas Electric Cooperative Corporation; Big Rivers Electric Corporation; Central Minnesota Municipal Power Agency; City Water, Light & Power (Springfield, IL); Cleco Power LLC, Dairyland Power Cooperative; Duke Energy Corporation for Duke Energy Indiana, Inc.; Entergy Arkansas, Inc.; Entergy Louisiana, LLC; Entergy Gulf States Louisiana, L.L.C.; Entergy Mississippi, Inc.; Entergy New Orleans, Inc.; Entergy Texas, Inc.; Great River Energy; Hoosier Energy Rural Electric Cooperative, Inc.; Indiana Municipal Power Agency; Indianapolis Power & Light Company; International Transmission Company d/b/a ITCTransmission; ITC Midwest LLC; Michigan Electric Transmission Company, LLC; MidAmerican Energy Company; Minnesota Power (and its subsidiary Superior Water, L&P); Missouri River Energy Services; Montana-Dakota Utilities Co.; Northern Indiana Public Service Company; Northern States Power Company, a Minnesota corporation, and Northern States Power Company, a Wisconsin corporation, subsidiaries of Xcel Energy Inc.; Northwestern Wisconsin Electric Company; Otter Tail Power Company; Prairie Power Inc.; South Mississippi Electric Power Association; Southern Illinois Power Cooperative; Southern Indiana Gas & Electric Company (d/b/a Vectren Energy Delivery of Indiana);

(continued . . .)

The Honorable Kimberly D. Bose

April 21, 2014

Page 2

simultaneous filings (i.e., Part I of II and Part II of II). The Filing Parties respectfully request that the two filing packages be treated as one filing because technicalities related to MISO's eTariff software are the sole reason why such filing packages are being submitted separately and simultaneously.

The transmittal letter accompanying the revisions to the Transmission Owners Agreement and MISO-MH Coordination Agreement, referred to as "Part I of II," provides the details of the revisions being proposed herein to MISO's Tariff concerning the removal of references relating to the Funds Trust Agreement pursuant to section 205 of the Federal Power Act ("FPA"), 16 U.S.C. § 824d, Part 35 of the Federal Energy Regulatory Commission's ("FERC" or "Commission") regulations, 18 C.F.R. § 35, *et. seq.* As explained in the Transmittal Letter included in Part I of II of this filing, the Filing Parties request an effective date of June 1, 2014 for the revisions to the Tariff, as well as expeditious Commission acceptance or approval of this filing no later than May 26, 2014, and any waivers of the Commission's prior notice or other requirements deemed necessary for this filing and the requested expeditious Commission action.

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(. . . continued)

Southern Minnesota Municipal Power Agency; Wabash Valley Power Association, Inc.; and Wolverine Power Supply Cooperative, Inc.

With respect to documentation in further support of this filing, in addition to this Transmittal Letter, the following documents are also being submitted:

Tab A – Redlined version of proposed revisions to the MISO Tariff;<sup>2</sup> and

Tab B – Clean version of proposed revisions to the MISO Tariff.

Sincerely,

/s/ Matthew R. Dorsett  
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***Attorneys for the  
MISO Transmission Owners***

Attachments

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<sup>2</sup> With respect to redlined revisions, it is MISO's business practice to highlight in yellow language that is currently pending before the Commission in separate, unrelated dockets. MISO submits that there is no language currently pending before the Commission with respect to the revisions being submitted herein.

**TAB A**

***Facility:*** An electric generating unit or an electric generating station composed of one or more contiguous electric generating units aggregated at a single geographical site.

***Facilities Study:*** An engineering study conducted by the Transmission Provider or ITC in collaboration with the affected Transmission Owner(s) and ITC Participant(s) to determine the required modifications to the Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested Transmission Service. The Transmission Provider shall have the final determination and ultimate responsibility for any such studies. Facilities Studies for any transmission facilities not under the operational control of the Transmission Provider shall be performed by the Transmission Owner, or ITC, or any entity it designates to perform the studies.

***Fast Start Resource:*** A Generation Resource that can be started, synchronized and inject Energy, or a Demand Response Resource that can reduce its Energy consumption, within 10 minutes of being notified and that has a minimum run time of one hour or less and that will participate in setting price as described in the process in Schedule 29A of this Tariff.

***Feasibility Upgrade Process:*** The procedure that enables additional ARR's to be allocated based upon Network Upgrades as part of the MTEP process.

***Federal Energy Regulatory Commission (FERC) Uniform System of Accounts:*** The Commission's Uniform System of Accounts in the Code of Federal Regulations, Title 18, Conservation of Power and Water Resources, Parts 1-399, pursuant to which electric

public utilities, licensees and other companies within FERC jurisdiction are required to maintain their books and records.

***Federal Power Marketing Agency:*** Any agency or instrumentality of the United States (other than the Tennessee Valley Authority), which sells electric Energy.

***FERC Market Rules:*** The market behavior rules and the prohibition against electricity Energy market manipulation codified by the Commission in its Rules and Regulations at 18 CFR § 1c.2 and 35.37, respectively; and any related proscriptions or any successor rules that the Commission from time to time may issue, approve or otherwise establish.

***File Transfer Protocol (FTP):*** The standardized File Transfer Protocol for data transfer.

***Financial Schedule:*** A financial arrangement between two Market Participants designating a Source Point, Sink Point and Delivery Point establishing the obligations of the buyer and seller for the payment of Cost of Congestion and Cost of Losses. The Transmission Provider is not the Energy Market Counterparty to the sale of Energy under a Financial Schedule transaction and collects and disburses the Transmission Usage Charge as agent for the parties to the Financial Schedule.

***Financial Security:*** A Cash Deposit or Irrevocable Letter of Credit in an amount and form determined by and acceptable to Transmission Provider, provided by an Applicant and/or Tariff Customer to Transmission Provider as security.

***Financial Settlement Charge:*** A charge that is assessed to an LSE that is determined to be

non-compliant with Capacity requirements under RAR.

***Financial Transmission Right (FTR):*** A financial instrument that entitles the holder to receive compensation for or requires the holder to pay certain congestion related transmission charges that arise when the Transmission System is congested and differences in Marginal Congestion Components of Day-Ahead Ex Post LMPs result.

***Firm Flow:*** The estimated impacts of firm transactions under network and point-to-point Transmission Service on a particular Coordinated Flowgate.

***Firm Point-To-Point Transmission Service:*** Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Points of Delivery pursuant to Module B of this Tariff.

***First Planning Area:*** The Transmission System of the Transmission Provider Region as it existed immediately before the effective date of the Second Planning Area. The First Planning Area may be modified from time to time by: (1) the addition of any transmission facilities in the Midwest portion of the United States (i.e., Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Montana, North Dakota, Ohio, South Dakota, and Wisconsin) where transmission facilities not under the functional control of the Transmission Provider are subsequently conveyed to the functional control of the Transmission Provider to be used to provide Transmission Service under Module B of the Tariff; or (2) the withdrawal from the Transmission Provider Region of a Member located in the First Planning Area.

***Fixed Carrying Charge:*** An annual charge calculated by taking the cost of service carrying charge elements expressed as a percent multiplied by the Transmission Owner or ITC's rate base. The carrying charge elements include: operations and maintenance, depreciation expense, other taxes, return, and income taxes.

***Fixed Demand Bid:*** A request to purchase a specified MWh quantity of Energy, at specified locations in the Transmission Provider Region, during specific Hours of the next Operating Day submitted to the Day-Ahead Energy and Operating Reserve Market. Demand Bids may only be submitted by a Market Participant that is itself a Load Serving Entity (LSE) or is purchasing Energy to serve an LSE.

***Fixed Interchange Schedule:*** An Interchange Schedule consisting of a fixed, non-Dispatchable amount, used in the Energy and Operating Reserve Markets.

***Fixed Resource Adequacy Plan (FRAP):*** A plan submitted by an LSE through the MECT to the Transmission Provider that is approved by the Transmission Provider which demonstrates that the LSE has sufficient ZRCs to meet all or part of its PRMR for one or more LRZs.

***Flowgate:*** A representative modeling of a facility or group of facilities that may act as a constraint to power transfer on the Bulk Electric System.

***Flowgate Rating:*** The Total Transfer Capability of a Flowgate.

***Forced Outage or Generator Forced Outage:*** An immediate reduction in output, Capacity



or removal from service, in whole or in part, of a Generation Resource by reason of an Emergency or threatened Emergency, unanticipated failure, inability to return on schedule from a Planned Transmission Outage, or other cause beyond the control of the owner or operator of the facility, as specified in the relevant portions of the BPM for Outage Operations. A reduction in output or removal from service of a Generation Resource in response to changes in Energy Market conditions does not constitute a Generator Forced Outage.

***Forecast LSE Requirement:*** The forecasted Demand including the effect of all losses for an LSE at a CPNode for a Month less the Full Responsibility Purchases plus the Full Responsibility Sales and minus the Demand Resources that were registered to net for a given Month all at the same CPNode.

***Forecast Maximum Limit:*** The maximum MW level at which a Dispatchable Intermittent Resource may operate.

***FTR and ARR Transactions Cleared But Not Yet Settled:*** This service category is a component of the FTR Potential Exposure. The FTR and ARR Transactions Cleared But Not Yet Settled are calculated on a monthly basis. If the net monthly value is positive, it is included in the FTR Potential Exposure calculation. If the net monthly value is negative, the value is not included in the FTR Potential Exposure calculation.

***FTR Auction:*** An auction conducted periodically through which the Transmission Provider, subject to the Simultaneous Feasibility Test: (i) awards FTRs of various durations and

(ii) facilitates the selling of existing FTRs between Market Participants.

***FTR Auction Credit Allocation: Version: 0.0.0 Effective: 7/28/2010***

The amount of the Applicant's and/or Tariff Customer's Total Credit Limit allocated to FTR Auctions.

***FTR Auction Credit Exposure:*** Exposure to non payment associated with the amount of the Applicant's and/or Tariff Customer's FTR Bids and Offers submitted in the auction.

***FTR Auction Participant:*** A Market Participant that participates in an FTR Auction administered by the Transmission Provider.

***FTR Auction Settled Transactions Exposure:*** The potential exposure to non-payment associated with FTR Auction transactions that have been cleared and settled.

***FTR Bid:*** A bid to purchase an FTR through an FTR Auction.

***FTR Bidder:*** A Market Participant submitting an FTR Bid.

***FTR Delivery Point:*** The transaction Delivery Point specified in a receipt point to delivery point FTR.

***FTR Holder:*** A Market Participant that owns one (1) or more FTRs.

***FTR MCP:*** The price at which a set of Comparable FTRs are sold through an FTR Auction.

***FTR Obligation:*** A receipt point to delivery point FTR that imposes a financial obligation on

the FTR Holder if congestion exists in the direction from the FTR Delivery Point to the FTR Receipt Point.

***FTR Offer:*** An offer to sell an FTR through an FTR Auction.

***FTR Offeror:*** A Market Participant submitting an FTR Offer.

***FTR Option:*** A receipt point to delivery point FTR that imposes no financial obligations on the FTR Holder under any conditions.

***FTR Period:*** The period(s) of time on a given Day during which an FTR is in effect (On Peak, Off Peak, or full Day time period(s)).

***FTR Potential Exposure:*** The sum of exposure values as defined in Section V.B of Attachment L to this Tariff. Included are all FTR related charge types.

***FTR Potential Exposure Violation:*** A condition that exists whenever a Tariff Customer's (i) FTR Potential Exposure equals or exceeds its Financial Security (less its FTR Auction Credit Allocation); ; (ii) FTR Potential Exposure (less its FTR Auction Credit Allocation) equals or exceeds its Financial Security (less its FTR Auction Credit Exposure); or (iii) FTR Auction Total Credit Exposure equals or exceeds its FTR Auction Credit Allocation as further defined in Section V.C of Attachment L to this Tariff.

***FTR Quantity:*** The quantity in MW specified in an FTR.

***FTR Receipt Point:*** The transaction receipt point specified in an FTR.

***FTR Transactions Cleared But Not Yet Settled:*** The value of the FTRs based on the clearing price(s) established as a result of an FTR Auction which has been cleared, but has not yet been settled.

***Full Responsibility Purchases:*** The total of all purchases coincident with the expected Demand of the LSE under which the seller is contractually obligated to deliver Energy plus reserves to the purchaser, expressed in MWs for the hour. Reserve provision by the seller as a percent must meet or exceed the PRM obligation for the purchasing LSE. Each purchaser and seller must agree on which of their transactions are to be reported under this heading.

***Full Responsibility Sales:*** The total of all sales coincident with the expected Demand of the LSE under which the seller is contractually obligated to deliver Energy plus reserves to the purchaser , expressed in MWs for the hour. Reserve provision by the seller as a percent must meet or exceed the PRM obligation for the purchasing LSE. Each purchaser and seller must agree on which of their transactions are to be reported.

~~***Funds Trust Agreement:*** The agreement among JP Morgan Chase Bank N.A., Midcontinent Independent System Operator, Inc., and the Beneficiaries, as may be amended from time to time, under which agreement a trust is established and maintained for the receipt and distribution of revenues resulting from the provision of Transmission Service under this Tariff.~~

***Tangible Net Worth:*** All assets (excluding any intangible assets such as goodwill) less all liabilities (calculated in accordance with GAAP). Any such calculation may be revised by Transmission Provider upon review of the available financial information.

***Target Allocation:*** A payment or charge to FTR Holders consistent with the Cost of Congestion in the Day-Ahead Energy and Operating Reserve Market.

***Targeted Demand Reduction Level:*** The amount of demand reduction in MW that can be provided by a Demand Response Resource-Type I in response to a Contingency Reserve Deployment Instruction or Energy Commitment within the Contingency Reserve Deployment Period.

***Targeted Monthly Recovery Amount (TMRA):*** The dollar target for recovery under the Schedule 10 ISO Cost Recovery Adder for each month based on the Transmission Provider's budgeted costs or forecasted costs to be recovered under Schedule 10 for that month exclusive of the costs to be recovered under Schedule 10-A, Schedule 10-B, Schedule 10-C, Schedule 10-D and Schedule 10-G; the monthly credit for Withdrawal Obligations paid under Schedules 10-A and 10-C; and a true-up amount from the prior month, as provided in Schedule 10.

***Tariff:*** Shall mean the Open Access Transmission, Energy and Operating Reserve Markets Tariff, including all schedules or attachments thereto, of the Transmission Provider as amended from time to time. The term Tariff shall endure to include any successor tariff or rate schedule approved by the Commission.

***Tariff Customer:*** A Market Participant, Transmission Customer or Coordination Customer.

***Third-Party Sale:*** Any sale for resale, in interstate commerce, to a Power Purchaser that is not designated as part of Network Load under Network Integration Transmission Service.

***Third-Party Supply:*** The provision of Station Power for a Facility net of On-Site Self-Supply and Remote Self-Supply or instead of On-Site Self Supply and Remote Self-Supply, pursuant to an applicable retail rate or tariff.

***Through Schedule:*** An Interchange Schedule in which both the Point of Receipt and Point of Delivery are external to the Transmission Provider Region.

***Tolerance Band:*** The band within which there is no Excessive Energy or Deficient Energy calculated.

***Topology Adjustment:*** Any positive adjustment due to the combined effect of incremental loop flow and topology changes occurring during the Real-Time Energy and Operating Reserve Market.

***Total Credit Limit:*** The amount of any Unsecured Credit approved by Transmission Provider for Applicant and/or Tariff Customer, plus the amount of any Financial Security approved by Transmission Provider and provided by the Applicant and/or Tariff Customer to Transmission Provider.

***Total Forecast Peak Load:*** The sum of the forecast Network Integration Transmission Service, peak Load for the upcoming allocation period plus peak Load served by Option

A – Grandfathered Agreements plus peak Load served by Option B – Grandfathered Agreements.

***Total FTR Obligations:*** The sum of FTR Potential Exposure and FTR Auction Credit Allocation.

***Total Multi-Value Project Benefit-to-Cost Ratio:*** The benefit-to-cost ratio associated with a specific Multi Value Project proposed to generate economic value and defined as the ratio of the present value of the total financially quantifiable benefit of the Multi Value Project evaluated over the first twenty years of the Multi Value Project's life to the present value of the annual revenue requirements of the Multi Value Project evaluated over the first twenty years of the Multi Value Project's life.

***Total Potential Exposure:*** The sum of exposure values as defined in Section V of Attachment L to this Tariff.

***Total Transfer Capability (TTC):*** The amount of electric power that can be moved or transferred reliably from one area to another area of the interconnected transmission systems by way of all transmission lines (or paths) between those areas under specified system conditions.

***Transition Period:*** The six (6) year period beginning February 1, 2002, the first day the Transmission Provider began providing Transmission Service, and ending January 31, 2008, the last day of the sixth year after the Transmission Provider began providing Transmission Service.

***Transitional Auction Clearing Price (Transitional ACP):*** The auction clearing price resulting from a Transitional Planning Resource Auction pursuant to Section 69A.11.9.b.

***Transitional Planning Resource Auction (TPRA):*** A Planning Resource auction conducted by the Transmission Provider to determine the Transitional ACP and the cleared ZRC Offers for an LRZ for the remainder of a transitional Planning Year.

***Transmission Charges:*** The revenue collected by the Transmission Provider under this Tariff related to Transmission Service, including the revenue collected for amounts billed under Module B, Schedule 26-A, [Schedule 31](#), and Part I of Module F. ~~Schedule 31~~.  
[Transmission Charges include, but are not limited to, Transmission Trust Revenues.](#)

***Transmission Charges Collection Agent:*** The Transmission Provider in its capacity as custodial agent for the collection of Transmission Charges, consistent with the provisions of Section 6A.

***Transmission Congestion Credit:*** The allocated share of total transmission congestion charges credited to each FTR Holder.

***Transmission Congestion Credit Target Allocation:*** A quantity in dollars equal to the Marginal Congestion Component at an FTR source and sink, times the FTR MW quantity for the settlement interval.

***Transmission Congestion Payment:*** A payment to FTR Holders equal to the Transmission Congestion Credit Target Allocation for that Hour.



***Transmission Constraint Demand Curve (TCDC):*** A curve used to price a transmission constraints during a dispatch interval in which the transmission constraint cannot be managed within its binding limit using the Security Constrained Economic Dispatch (SCED) engine.

***Transmission Customer:*** Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission, a proposed unexecuted Service Agreement to receive Transmission Service under Module B of this Tariff. This term is used in the Module A, Common Tariff Provisions to include customers receiving Transmission Service under Module B of this Tariff, including any customer receiving HVDC Service.

***Transmission Delivery Service Projects:*** New Transmission Access Projects needed to provide new Point To Point Transmission Service under Module B of the Tariff. The costs of Transmission Delivery Service projects shall be assigned and recovered in accordance with Attachment N to the Tariff.

***Transmission De-rate:*** A reduction in the transfer capability on a constraint limit in the Real-Time Energy and Operating Reserve Market relative to the limit enforced in the Day-Ahead Energy and Operating Reserve Market.

***Transmission Developer Application:*** The application submitted by a Qualified Transmission Developer Applicant to the Transmission Provider to become certified as a Qualified Transmission Developer by the Transmission Provider.

***Transmission Issue:*** A reason to improve, expand or modify the Transmission System. These

reasons may be compliance-based, economic-based, or reflect other local needs.

Compliance-based reasons reflect the need to comply with all requirements imposed on the Transmission System performance by entities with jurisdiction or authority over all or part of the Transmission System including, but not necessarily limited to, i) compliance with Applicable Reliability Standards including NERC standards and applicable Regional Entity standards, ii) compliance with local reliability standards and requirements when applicable, iii) compliance with Transmission Owner standards if applicable, iv) compliance with Applicable Laws and Regulations and v) compliance with applicable regulatory mandates and obligations, including regulatory obligations related to serving load, interconnecting generation and providing transmission service. Economic-based reasons reflect the opportunity or obligation to provide added economic value to Transmission Customers through specific expansions of the Transmission System, where added economic value is the difference between the financially quantifiable benefits associated with specific expansions to the Transmission System and the financially quantifiable costs of those expansions. Economic value may be incremental to the value achieved from meeting a compliance requirement, or may stand on its own.

***Transmission Loading Relief Procedures (TLR):*** The NERC Transmission Loading Relief

Procedures used in the Eastern Interconnection as specified in NERC Reliability Standards, and incorporated in Attachment Q of this Tariff.

***Transmission Operator:*** Ensures reliability within the Transmission Provider Region by

operating or directing the operation of transmission facilities.

***Transmission Outage:*** The temporary removal from operations of elements of the Transmission System to perform routine or scheduled maintenance. Transmission Outages shall be coordinated by the Transmission Provider with the Transmission Owners and the rescheduling of these Transmission Outages may entitle the affected Transmission Owner to recover the costs associated with rescheduling the Transmission Outages.

***Transmission Owner(s):*** Each member of the ISO whose transmission facilities (in whole or in part) make up the Transmission Provider Transmission System. An ITC is not a Transmission Owner as defined herein. Those Transmission Owners or ITC Participants that are not public utilities under the Federal Power Act shall not become subject to Commission regulation by virtue of their status as Transmission Owners or ITC Participants under this Tariff; provided, however, that by transferring functional responsibility of their facilities classified as transmission and covered by this Tariff, those Transmission Owners or ITC Participants that are not public utilities under the Federal Power Act have agreed to participate in an ITC and/or the ISO in accordance with the terms of the ITC Participant Transfer Agreement. An ITC Participant is not, by virtue of participation in an ITC, a Transmission Owner as defined herein.

***Transmission Pricing Zone:*** The pricing zones that the Transmission Provider uses to allocate revenues for services, such as Reactive Supply and Voltage Control.

***Transmission Proposal Request:*** An invitation, including associated requirements, posted by the Transmission Provider on its website, to submit a New Transmission Proposal.

***Transmission Provider:*** MISO or any successor organization.

***Transmission Provider Board:*** The Board of Directors of MISO.

***Transmission Provider Committed Resources:*** A Resource that has been committed by the Transmission Provider in the Day-Ahead Energy and Operating Reserve Market, any RAC process, or the LAC process.

***Transmission Provider's Forecast of Maximum Energy Transfer for Reliability***

***Coordination Service:*** For purposes of Schedule 31, the monthly billing determinants derived by multiplying by the number of hours in the month, the Reliability Coordination Customer's peak demand for the month associated with its bundled retail customers and wholesale customers subject to Grandfathered Agreements.

***Transmission Provider Region:*** The Transmission System and Region that: (i) function as a centrally coordinated system and (ii) operate, subject to the single set of Dispatch Targets and Setpoint Instructions determined and issued by the Transmission Provider.

***Transmission Provider's Monthly Transmission System Peak:*** The maximum firm usage of the Transmission Provider's Transmission System in a Month.

***Transmission Service:*** Point-To-Point Transmission Service provided under Module B of this Tariff on a firm and non-firm basis, including HVDC Service, and the Network

Integration Transmission Service under Module B of this Tariff.

***Transmission System:*** The transmission facilities owned or controlled by Transmission Owners that have conveyed functional control to the Transmission Provider, and are used to provide Transmission Service under Module B of this Tariff. The Transmission System includes transmission facilities owned or controlled by Transmission Owners, the functional control of which has been transferred to the Transmission Provider subject to Commission approval under Section 203 of the Federal Power Act. In addition, the Transmission System includes other transmission facilities owned or controlled by the Transmission Owner that are booked to transmission accounts and are not controlled or operated by the Transmission Provider but are facilities that the Transmission Owners, by way of the Agency Agreement, have allowed the Transmission Provider to use in providing service under this Tariff. While not part of the Transmission System, service over Distribution Facilities is available through the execution of a Service Agreement pursuant to Schedule 11 of this Tariff. The term Transmission System shall include the Transmission System (Michigan).

***Transmission System (Michigan):*** The area directly served by those transmission facilities located within the Lower Peninsula of Michigan, which are owned or controlled by entities that have conveyed operational control of these facilities to the Transmission Provider. Transmission System (Michigan) shall not include facilities located in the Upper Peninsula of Michigan or the facilities of any investor-owned utility which are located within the Lower Peninsula of Michigan if such investor-owned utility was not a

party to the Joint Open Access Transmission Tariff, Michigan Electric Transmission Company and International Transmission Company, FERC Electric Tariff, Original Volume No. 1, between January 1, 1997 and May 1, 2002.

***Transmission System Region:*** The Transmission System, Load and Generation Resources interconnected to the Transmission System.

***Transmission Trust Revenues:*** The revenue collected by, received by, payable to, or to become payable to the Transmission Provider from Transmission Customers and Tariff Customers under this Tariff associated with or related to Transmission Service furnished under Module B, and Schedule 26-A that are required to be distributed solely to Transmission Owners or former Transmission Owners, including the revenue collected for amounts billed under Schedules 7, 8, 9, 21, 26, 26-A, 36, 37, 38, 39, and 45 and other schedules that may be added to this Tariff.

***Transmission Usage Charge (TUC):*** A charge attributable to the increased cost of Energy delivered at a given Commercial Node when the Transmission System is operating under constrained conditions or due to losses on the system. The TUC is the per unit charge to support a Through Schedule or Financial Schedule or Generator Self-Supply and is equal to the difference in the LMP at the sink and the LMP at source (in dollars per /MWh), which includes the Cost of Congestion and the Cost of Losses.

The Transmission Provider in its capacity as the Energy Market Counterparty (and not in any other capacity) administers this Tariff for all Market Activities, is the contracting party with Market Participants for Market Activities, and collects and distributes all charges for Market Activities~~Charges~~. The Transmission Provider in its capacity as the Transmission Charges Collection Agent (and not in any other capacity) administers this Tariff for all Transmission Service, is the contracting party with Transmission Customers for Transmission Service, and collects and distributes all Transmission Charges. The Transmission Provider, in its capacity as Transmission Charges Collection Agent, shall hold all collected Transmission Trust Revenues in trust for the benefit of the Transmission Owners and former Transmission Owners who have a right to receive Transmission Trust Revenues in accordance with this Tariff, subject to the Transmission Provider's right pursuant to Section 7.4(a) of the Tariff to deduct from such funds certain authorized fees and expenses that are payable directly to the Transmission Provider from time to time for its administration of the Transmission System in accordance with the Tariff and the Transmission Owners Agreement. Transmission Provider shall hold such collected Transmission Trust Revenues in a separate operating account together with similar amounts for transmission revenues the Transmission Provider collects and holds in trust for Manitoba Hydro pursuant to the Manitoba Hydro Open Access Transmission Tariff and Coordination Agreement by and between the Transmission Provider and Manitoba Hydro. The funds described in the preceding sentence held in this separate operating account shall be held separate from any other funds. Transmission Provider also shall hold disputed payments collected as Transmission Trust Revenues in trust for the benefit of Owners or former Owners who have a right to such Transmission Trust Revenues in a separate account. References in the Tariff to the Transmission

Provider in connection with charges for Market Activities ~~or Market Charges~~ shall be deemed to refer to the Transmission Provider in its capacity as the Energy Market Counterparty.

References in the Tariff to the Transmission Provider in connection with Transmission Service or Transmission Charges shall be deemed to refer to the Transmission Provider in its capacity as the Transmission Charges Collection Agent.

For purposes of clarity, the Transmission Provider is not the Energy Market Counterparty to the sale of Energy under a Financial Schedule transaction or for a Generator Self-Supply transaction. The Transmission Provider is acting in its capacity as the Energy Market Counterparty with regard to the Transmission Usage Charges for a Generator Self-Supply transaction. The Transmission Provider collects and disburses the Transmission Usage Charge as agent for the parties to the Financial Schedule and is not the Energy Market Counterparty to the transaction. Generator Self-Supply transactions do not have a counterparty for the sale of the Energy since the Market Participant is supplying itself and there is no sale. The fact that charges in addition to the Transmission Usage Charge may appear on the Transmission Provider's settlement statements for Generator Self-Supply transactions is an accounting convenience and shall not change the nature of the Generator Self-Supply transactions or make the Transmission Provider the Energy Market Counterparty to the sale of Energy thereto. In addition, to the extent that other types of activities or transactions as described or reflected in accounting or settlement statements may appear to be inconsistent with the terms of the Tariff in relation to the participation, non-participation or capacity of the Transmission Provider as Energy Market Counterparty or as Transmission Charges Collection Agent, the terms of the Tariff shall control.



**TAB B**

***Facility:*** An electric generating unit or an electric generating station composed of one or more contiguous electric generating units aggregated at a single geographical site.

***Facilities Study:*** An engineering study conducted by the Transmission Provider or ITC in collaboration with the affected Transmission Owner(s) and ITC Participant(s) to determine the required modifications to the Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested Transmission Service. The Transmission Provider shall have the final determination and ultimate responsibility for any such studies. Facilities Studies for any transmission facilities not under the operational control of the Transmission Provider shall be performed by the Transmission Owner, or ITC, or any entity it designates to perform the studies.

***Fast Start Resource:*** A Generation Resource that can be started, synchronized and inject Energy, or a Demand Response Resource that can reduce its Energy consumption, within 10 minutes of being notified and that has a minimum run time of one hour or less and that will participate in setting price as described in the process in Schedule 29A of this Tariff.

***Feasibility Upgrade Process:*** The procedure that enables additional ARRs to be allocated based upon Network Upgrades as part of the MTEP process.

***Federal Energy Regulatory Commission (FERC) Uniform System of Accounts:*** The Commission's Uniform System of Accounts in the Code of Federal Regulations, Title 18, Conservation of Power and Water Resources, Parts 1-399, pursuant to which electric

public utilities, licensees and other companies within FERC jurisdiction are required to maintain their books and records.

***Federal Power Marketing Agency:*** Any agency or instrumentality of the United States (other than the Tennessee Valley Authority), which sells electric Energy.

***FERC Market Rules:*** The market behavior rules and the prohibition against electricity Energy market manipulation codified by the Commission in its Rules and Regulations at 18 CFR § 1c.2 and 35.37, respectively; and any related proscriptions or any successor rules that the Commission from time to time may issue, approve or otherwise establish.

***File Transfer Protocol (FTP):*** The standardized File Transfer Protocol for data transfer.

***Financial Schedule:*** A financial arrangement between two Market Participants designating a Source Point, Sink Point and Delivery Point establishing the obligations of the buyer and seller for the payment of Cost of Congestion and Cost of Losses. The Transmission Provider is not the Energy Market Counterparty to the sale of Energy under a Financial Schedule transaction and collects and disburses the Transmission Usage Charge as agent for the parties to the Financial Schedule.

***Financial Security:*** A Cash Deposit or Irrevocable Letter of Credit in an amount and form determined by and acceptable to Transmission Provider, provided by an Applicant and/or Tariff Customer to Transmission Provider as security.

***Financial Settlement Charge:*** A charge that is assessed to an LSE that is determined to be

non-compliant with Capacity requirements under RAR.

***Financial Transmission Right (FTR):*** A financial instrument that entitles the holder to receive compensation for or requires the holder to pay certain congestion related transmission charges that arise when the Transmission System is congested and differences in Marginal Congestion Components of Day-Ahead Ex Post LMPs result.

***Firm Flow:*** The estimated impacts of firm transactions under network and point-to-point Transmission Service on a particular Coordinated Flowgate.

***Firm Point-To-Point Transmission Service:*** Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Points of Delivery pursuant to Module B of this Tariff.

***First Planning Area:*** The Transmission System of the Transmission Provider Region as it existed immediately before the effective date of the Second Planning Area. The First Planning Area may be modified from time to time by: (1) the addition of any transmission facilities in the Midwest portion of the United States (i.e., Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Montana, North Dakota, Ohio, South Dakota, and Wisconsin) where transmission facilities not under the functional control of the Transmission Provider are subsequently conveyed to the functional control of the Transmission Provider to be used to provide Transmission Service under Module B of the Tariff; or (2) the withdrawal from the Transmission Provider Region of a Member located in the First Planning Area.

***Fixed Carrying Charge:*** An annual charge calculated by taking the cost of service carrying charge elements expressed as a percent multiplied by the Transmission Owner or ITC's rate base. The carrying charge elements include: operations and maintenance, depreciation expense, other taxes, return, and income taxes.

***Fixed Demand Bid:*** A request to purchase a specified MWh quantity of Energy, at specified locations in the Transmission Provider Region, during specific Hours of the next Operating Day submitted to the Day-Ahead Energy and Operating Reserve Market. Demand Bids may only be submitted by a Market Participant that is itself a Load Serving Entity (LSE) or is purchasing Energy to serve an LSE.

***Fixed Interchange Schedule:*** An Interchange Schedule consisting of a fixed, non-Dispatchable amount, used in the Energy and Operating Reserve Markets.

***Fixed Resource Adequacy Plan (FRAP):*** A plan submitted by an LSE through the MECT to the Transmission Provider that is approved by the Transmission Provider which demonstrates that the LSE has sufficient ZRCs to meet all or part of its PRMR for one or more LRZs.

***Flowgate:*** A representative modeling of a facility or group of facilities that may act as a constraint to power transfer on the Bulk Electric System.

***Flowgate Rating:*** The Total Transfer Capability of a Flowgate.

***Forced Outage or Generator Forced Outage:*** An immediate reduction in output, Capacity

or removal from service, in whole or in part, of a Generation Resource by reason of an Emergency or threatened Emergency, unanticipated failure, inability to return on schedule from a Planned Transmission Outage, or other cause beyond the control of the owner or operator of the facility, as specified in the relevant portions of the BPM for Outage Operations. A reduction in output or removal from service of a Generation Resource in response to changes in Energy Market conditions does not constitute a Generator Forced Outage.

***Forecast LSE Requirement:*** The forecasted Demand including the effect of all losses for an LSE at a CPNode for a Month less the Full Responsibility Purchases plus the Full Responsibility Sales and minus the Demand Resources that were registered to net for a given Month all at the same CPNode.

***Forecast Maximum Limit:*** The maximum MW level at which a Dispatchable Intermittent Resource may operate.

***FTR and ARR Transactions Cleared But Not Yet Settled:*** This service category is a component of the FTR Potential Exposure. The FTR and ARR Transactions Cleared But Not Yet Settled are calculated on a monthly basis. If the net monthly value is positive, it is included in the FTR Potential Exposure calculation. If the net monthly value is negative, the value is not included in the FTR Potential Exposure calculation.

***FTR Auction:*** An auction conducted periodically through which the Transmission Provider, subject to the Simultaneous Feasibility Test: (i) awards FTRs of various durations and

(ii) facilitates the selling of existing FTRs between Market Participants.

***FTR Auction Credit Allocation: Version: 0.0.0 Effective: 7/28/2010***

The amount of the Applicant's and/or Tariff Customer's Total Credit Limit allocated to FTR Auctions.

***FTR Auction Credit Exposure:*** Exposure to non payment associated with the amount of the Applicant's and/or Tariff Customer's FTR Bids and Offers submitted in the auction.

***FTR Auction Participant:*** A Market Participant that participates in an FTR Auction administered by the Transmission Provider.

***FTR Auction Settled Transactions Exposure:*** The potential exposure to non-payment associated with FTR Auction transactions that have been cleared and settled.

***FTR Bid:*** A bid to purchase an FTR through an FTR Auction.

***FTR Bidder:*** A Market Participant submitting an FTR Bid.

***FTR Delivery Point:*** The transaction Delivery Point specified in a receipt point to delivery point FTR.

***FTR Holder:*** A Market Participant that owns one (1) or more FTRs.

***FTR MCP:*** The price at which a set of Comparable FTRs are sold through an FTR Auction.

***FTR Obligation:*** A receipt point to delivery point FTR that imposes a financial obligation on

the FTR Holder if congestion exists in the direction from the FTR Delivery Point to the FTR Receipt Point.

***FTR Offer:*** An offer to sell an FTR through an FTR Auction.

***FTR Offeror:*** A Market Participant submitting an FTR Offer.

***FTR Option:*** A receipt point to delivery point FTR that imposes no financial obligations on the FTR Holder under any conditions.

***FTR Period:*** The period(s) of time on a given Day during which an FTR is in effect (On Peak, Off Peak, or full Day time period(s)).

***FTR Potential Exposure:*** The sum of exposure values as defined in Section V.B of Attachment L to this Tariff. Included are all FTR related charge types.

***FTR Potential Exposure Violation:*** A condition that exists whenever a Tariff Customer's (i) FTR Potential Exposure equals or exceeds its Financial Security (less its FTR Auction Credit Allocation); ; (ii) FTR Potential Exposure (less its FTR Auction Credit Allocation) equals or exceeds its Financial Security (less its FTR Auction Credit Exposure); or (iii) FTR Auction Total Credit Exposure equals or exceeds its FTR Auction Credit Allocation as further defined in Section V.C of Attachment L to this Tariff.

***FTR Quantity:*** The quantity in MW specified in an FTR.

***FTR Receipt Point:*** The transaction receipt point specified in an FTR.



***FTR Transactions Cleared But Not Yet Settled:*** The value of the FTRs based on the clearing price(s) established as a result of an FTR Auction which has been cleared, but has not yet been settled.

***Full Responsibility Purchases:*** The total of all purchases coincident with the expected Demand of the LSE under which the seller is contractually obligated to deliver Energy plus reserves to the purchaser, expressed in MWs for the hour. Reserve provision by the seller as a percent must meet or exceed the PRM obligation for the purchasing LSE. Each purchaser and seller must agree on which of their transactions are to be reported under this heading.

***Full Responsibility Sales:*** The total of all sales coincident with the expected Demand of the LSE under which the seller is contractually obligated to deliver Energy plus reserves to the purchaser , expressed in MWs for the hour. Reserve provision by the seller as a percent must meet or exceed the PRM obligation for the purchasing LSE. Each purchaser and seller must agree on which of their transactions are to be reported.

***Tangible Net Worth:*** All assets (excluding any intangible assets such as goodwill) less all liabilities (calculated in accordance with GAAP). Any such calculation may be revised by Transmission Provider upon review of the available financial information.

***Target Allocation:*** A payment or charge to FTR Holders consistent with the Cost of Congestion in the Day-Ahead Energy and Operating Reserve Market.

***Targeted Demand Reduction Level:*** The amount of demand reduction in MW that can be provided by a Demand Response Resource-Type I in response to a Contingency Reserve Deployment Instruction or Energy Commitment within the Contingency Reserve Deployment Period.

***Targeted Monthly Recovery Amount (TMRA):*** The dollar target for recovery under the Schedule 10 ISO Cost Recovery Adder for each month based on the Transmission Provider's budgeted costs or forecasted costs to be recovered under Schedule 10 for that month exclusive of the costs to be recovered under Schedule 10-A, Schedule 10-B, Schedule 10-C, Schedule 10-D and Schedule 10-G; the monthly credit for Withdrawal Obligations paid under Schedules 10-A and 10-C; and a true-up amount from the prior month, as provided in Schedule 10.

***Tariff:*** Shall mean the Open Access Transmission, Energy and Operating Reserve Markets Tariff, including all schedules or attachments thereto, of the Transmission Provider as amended from time to time. The term Tariff shall endure to include any successor tariff or rate schedule approved by the Commission.

***Tariff Customer:*** A Market Participant, Transmission Customer or Coordination Customer.

***Third-Party Sale:*** Any sale for resale, in interstate commerce, to a Power Purchaser that is not designated as part of Network Load under Network Integration Transmission Service.

***Third-Party Supply:*** The provision of Station Power for a Facility net of On-Site Self-Supply and Remote Self-Supply or instead of On-Site Self Supply and Remote Self-Supply, pursuant to an applicable retail rate or tariff.

***Through Schedule:*** An Interchange Schedule in which both the Point of Receipt and Point of Delivery are external to the Transmission Provider Region.

***Tolerance Band:*** The band within which there is no Excessive Energy or Deficient Energy calculated.

***Topology Adjustment:*** Any positive adjustment due to the combined effect of incremental loop flow and topology changes occurring during the Real-Time Energy and Operating Reserve Market.

***Total Credit Limit:*** The amount of any Unsecured Credit approved by Transmission Provider for Applicant and/or Tariff Customer, plus the amount of any Financial Security approved by Transmission Provider and provided by the Applicant and/or Tariff Customer to Transmission Provider.

***Total Forecast Peak Load:*** The sum of the forecast Network Integration Transmission Service, peak Load for the upcoming allocation period plus peak Load served by Option

A – Grandfathered Agreements plus peak Load served by Option B – Grandfathered Agreements.

***Total FTR Obligations:*** The sum of FTR Potential Exposure and FTR Auction Credit Allocation.

***Total Multi-Value Project Benefit-to-Cost Ratio:*** The benefit-to-cost ratio associated with a specific Multi Value Project proposed to generate economic value and defined as the ratio of the present value of the total financially quantifiable benefit of the Multi Value Project evaluated over the first twenty years of the Multi Value Project's life to the present value of the annual revenue requirements of the Multi Value Project evaluated over the first twenty years of the Multi Value Project's life.

***Total Potential Exposure:*** The sum of exposure values as defined in Section V of Attachment L to this Tariff.

***Total Transfer Capability (TTC):*** The amount of electric power that can be moved or transferred reliably from one area to another area of the interconnected transmission systems by way of all transmission lines (or paths) between those areas under specified system conditions.

***Transition Period:*** The six (6) year period beginning February 1, 2002, the first day the Transmission Provider began providing Transmission Service, and ending January 31, 2008, the last day of the sixth year after the Transmission Provider began providing Transmission Service.

***Transitional Auction Clearing Price (Transitional ACP):*** The auction clearing price resulting from a Transitional Planning Resource Auction pursuant to Section 69A.11.9.b.

***Transitional Planning Resource Auction (TPRA):*** A Planning Resource auction conducted by the Transmission Provider to determine the Transitional ACP and the cleared ZRC Offers for an LRZ for the remainder of a transitional Planning Year.

***Transmission Charges:*** The revenue collected by the Transmission Provider under this Tariff related to Transmission Service, including the revenue collected for amounts billed under Module B, Schedule 26-A, Schedule 31, and Part I of Module F. Transmission Charges include, but are not limited to, Transmission Trust Revenues.

***Transmission Charges Collection Agent:*** The Transmission Provider in its capacity as custodial agent for the collection of Transmission Charges, consistent with the provisions of Section 6A.

***Transmission Congestion Credit:*** The allocated share of total transmission congestion charges credited to each FTR Holder.

***Transmission Congestion Credit Target Allocation:*** A quantity in dollars equal to the Marginal Congestion Component at an FTR source and sink, times the FTR MW quantity for the settlement interval.

***Transmission Congestion Payment:*** A payment to FTR Holders equal to the Transmission Congestion Credit Target Allocation for that Hour.

***Transmission Constraint Demand Curve (TCDC):*** A curve used to price a transmission constraints during a dispatch interval in which the transmission constraint cannot be managed within its binding limit using the Security Constrained Economic Dispatch (SCED) engine.

***Transmission Customer:*** Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission, a proposed unexecuted Service Agreement to receive Transmission Service under Module B of this Tariff. This term is used in the Module A, Common Tariff Provisions to include customers receiving Transmission Service under Module B of this Tariff, including any customer receiving HVDC Service.

***Transmission Delivery Service Projects:*** New Transmission Access Projects needed to provide new Point To Point Transmission Service under Module B of the Tariff. The costs of Transmission Delivery Service projects shall be assigned and recovered in accordance with Attachment N to the Tariff.

***Transmission De-rate:*** A reduction in the transfer capability on a constraint limit in the Real-Time Energy and Operating Reserve Market relative to the limit enforced in the Day-Ahead Energy and Operating Reserve Market.

***Transmission Developer Application:*** The application submitted by a Qualified Transmission Developer Applicant to the Transmission Provider to become certified as a Qualified Transmission Developer by the Transmission Provider.

***Transmission Issue:*** A reason to improve, expand or modify the Transmission System. These

reasons may be compliance-based, economic-based, or reflect other local needs.

Compliance-based reasons reflect the need to comply with all requirements imposed on the Transmission System performance by entities with jurisdiction or authority over all or part of the Transmission System including, but not necessarily limited to, i) compliance with Applicable Reliability Standards including NERC standards and applicable Regional Entity standards, ii) compliance with local reliability standards and requirements when applicable, iii) compliance with Transmission Owner standards if applicable, iv) compliance with Applicable Laws and Regulations and v) compliance with applicable regulatory mandates and obligations, including regulatory obligations related to serving load, interconnecting generation and providing transmission service. Economic-based reasons reflect the opportunity or obligation to provide added economic value to Transmission Customers through specific expansions of the Transmission System, where added economic value is the difference between the financially quantifiable benefits associated with specific expansions to the Transmission System and the financially quantifiable costs of those expansions. Economic value may be incremental to the value achieved from meeting a compliance requirement, or may stand on its own.

***Transmission Loading Relief Procedures (TLR):*** The NERC Transmission Loading Relief

Procedures used in the Eastern Interconnection as specified in NERC Reliability Standards, and incorporated in Attachment Q of this Tariff.

***Transmission Operator:*** Ensures reliability within the Transmission Provider Region by

operating or directing the operation of transmission facilities.

***Transmission Outage:*** The temporary removal from operations of elements of the Transmission System to perform routine or scheduled maintenance. Transmission Outages shall be coordinated by the Transmission Provider with the Transmission Owners and the rescheduling of these Transmission Outages may entitle the affected Transmission Owner to recover the costs associated with rescheduling the Transmission Outages.

***Transmission Owner(s):*** Each member of the ISO whose transmission facilities (in whole or in part) make up the Transmission Provider Transmission System. An ITC is not a Transmission Owner as defined herein. Those Transmission Owners or ITC Participants that are not public utilities under the Federal Power Act shall not become subject to Commission regulation by virtue of their status as Transmission Owners or ITC Participants under this Tariff; provided, however, that by transferring functional responsibility of their facilities classified as transmission and covered by this Tariff, those Transmission Owners or ITC Participants that are not public utilities under the Federal Power Act have agreed to participate in an ITC and/or the ISO in accordance with the terms of the ITC Participant Transfer Agreement. An ITC Participant is not, by virtue of participation in an ITC, a Transmission Owner as defined herein.

***Transmission Pricing Zone:*** The pricing zones that the Transmission Provider uses to allocate revenues for services, such as Reactive Supply and Voltage Control.



***Transmission Proposal Request:*** An invitation, including associated requirements, posted by the Transmission Provider on its website, to submit a New Transmission Proposal.

***Transmission Provider:*** MISO or any successor organization.

***Transmission Provider Board:*** The Board of Directors of MISO.

***Transmission Provider Committed Resources:*** A Resource that has been committed by the Transmission Provider in the Day-Ahead Energy and Operating Reserve Market, any RAC process, or the LAC process.

***Transmission Provider's Forecast of Maximum Energy Transfer for Reliability***

***Coordination Service:*** For purposes of Schedule 31, the monthly billing determinants derived by multiplying by the number of hours in the month, the Reliability Coordination Customer's peak demand for the month associated with its bundled retail customers and wholesale customers subject to Grandfathered Agreements.

***Transmission Provider Region:*** The Transmission System and Region that: (i) function as a centrally coordinated system and (ii) operate, subject to the single set of Dispatch Targets and Setpoint Instructions determined and issued by the Transmission Provider.

***Transmission Provider's Monthly Transmission System Peak:*** The maximum firm usage of the Transmission Provider's Transmission System in a Month.

***Transmission Service:*** Point-To-Point Transmission Service provided under Module B of this Tariff on a firm and non-firm basis, including HVDC Service, and the Network

Integration Transmission Service under Module B of this Tariff.

***Transmission System:*** The transmission facilities owned or controlled by Transmission Owners that have conveyed functional control to the Transmission Provider, and are used to provide Transmission Service under Module B of this Tariff. The Transmission System includes transmission facilities owned or controlled by Transmission Owners, the functional control of which has been transferred to the Transmission Provider subject to Commission approval under Section 203 of the Federal Power Act. In addition, the Transmission System includes other transmission facilities owned or controlled by the Transmission Owner that are booked to transmission accounts and are not controlled or operated by the Transmission Provider but are facilities that the Transmission Owners, by way of the Agency Agreement, have allowed the Transmission Provider to use in providing service under this Tariff. While not part of the Transmission System, service over Distribution Facilities is available through the execution of a Service Agreement pursuant to Schedule 11 of this Tariff. The term Transmission System shall include the Transmission System (Michigan).

***Transmission System (Michigan):*** The area directly served by those transmission facilities located within the Lower Peninsula of Michigan, which are owned or controlled by entities that have conveyed operational control of these facilities to the Transmission Provider. Transmission System (Michigan) shall not include facilities located in the Upper Peninsula of Michigan or the facilities of any investor-owned utility which are located within the Lower Peninsula of Michigan if such investor-owned utility was not a

party to the Joint Open Access Transmission Tariff, Michigan Electric Transmission Company and International Transmission Company, FERC Electric Tariff, Original Volume No. 1, between January 1, 1997 and May 1, 2002.

***Transmission System Region:*** The Transmission System, Load and Generation Resources interconnected to the Transmission System.

***Transmission Trust Revenues:*** The revenue collected by, received by, payable to, or to become payable to the Transmission Provider from Transmission Customers and Tariff Customers under this Tariff associated with or related to Transmission Service furnished under Module B, and Schedule 26-A that are required to be distributed solely to Transmission Owners or former Transmission Owners, including the revenue collected for amounts billed under Schedules 7, 8, 9, 21, 26, 26-A, 36, 37, 38, 39, and 45 and other schedules that may be added to this Tariff.

***Transmission Usage Charge (TUC):*** A charge attributable to the increased cost of Energy delivered at a given Commercial Node when the Transmission System is operating under constrained conditions or due to losses on the system. The TUC is the per unit charge to support a Through Schedule or Financial Schedule or Generator Self-Supply and is equal to the difference in the LMP at the sink and the LMP at source (in dollars per /MWh), which includes the Cost of Congestion and the Cost of Losses.

The Transmission Provider in its capacity as the Energy Market Counterparty (and not in any other capacity) administers this Tariff for all Market Activities, is the contracting party with Market Participants for Market Activities, and collects and distributes all charges for Market Activities. The Transmission Provider in its capacity as the Transmission Charges Collection Agent (and not in any other capacity) administers this Tariff for all Transmission Service, is the contracting party with Transmission Customers for Transmission Service, and collects and distributes all Transmission Charges. The Transmission Provider, in its capacity as Transmission Charges Collection Agent, shall hold all collected Transmission Trust Revenues in trust for the benefit of the Transmission Owners and former Transmission Owners who have a right to receive Transmission Trust Revenues in accordance with this Tariff, subject to the Transmission Provider's right pursuant to Section 7.4(a) of the Tariff to deduct from such funds certain authorized fees and expenses that are payable directly to the Transmission Provider from time to time for its administration of the Transmission System in accordance with the Tariff and the Transmission Owners Agreement. Transmission Provider shall hold such collected Transmission Trust Revenues in a separate operating account together with similar amounts for transmission revenues the Transmission Provider collects and holds in trust for Manitoba Hydro pursuant to the Manitoba Hydro Open Access Transmission Tariff and Coordination Agreement by and between the Transmission Provider and Manitoba Hydro. The funds described in the preceding sentence held in this separate operating account shall be held separate from any other funds. Transmission Provider also shall hold disputed payments collected as Transmission Trust Revenues in trust for the benefit of Owners or former Owners who have a right to such Transmission Trust Revenues in a separate account. References in the Tariff to the Transmission

Provider in connection with charges for Market Activities shall be deemed to refer to the Transmission Provider in its capacity as the Energy Market Counterparty. References in the Tariff to the Transmission Provider in connection with Transmission Service or Transmission Charges shall be deemed to refer to the Transmission Provider in its capacity as the Transmission Charges Collection Agent.

For purposes of clarity, the Transmission Provider is not the Energy Market Counterparty to the sale of Energy under a Financial Schedule transaction or for a Generator Self-Supply transaction. The Transmission Provider is acting in its capacity as the Energy Market Counterparty with regard to the Transmission Usage Charges for a Generator Self-Supply transaction. The Transmission Provider collects and disburses the Transmission Usage Charge as agent for the parties to the Financial Schedule and is not the Energy Market Counterparty to the transaction. Generator Self-Supply transactions do not have a counterparty for the sale of the Energy since the Market Participant is supplying itself and there is no sale. The fact that charges in addition to the Transmission Usage Charge may appear on the Transmission Provider's settlement statements for Generator Self-Supply transactions is an accounting convenience and shall not change the nature of the Generator Self-Supply transactions or make the Transmission Provider the Energy Market Counterparty to the sale of Energy thereto. In addition, to the extent that other types of activities or transactions as described or reflected in accounting or settlement statements may appear to be inconsistent with the terms of the Tariff in relation to the participation, non-participation or capacity of the Transmission Provider as Energy Market Counterparty or as Transmission Charges Collection Agent, the terms of the Tariff shall control.