

G. Capacity Resource Performance

1. Any Capacity Resource committed by an FRR Entity in an FRR Capacity Plan for a Delivery Year shall be subject during such Delivery Year to the charges set forth in *Tariff, Attachment DD, section 7*, *Tariff, Attachment DD, section 9*, *Tariff, Attachment DD, section 10*, *Tariff, Attachment DD, section 10A*, *Tariff Attachment DD, section 11*, *Tariff, Attachment DD, section 11A*, and *Tariff, Attachment DD, section 13*; provided, however: (i) the Daily Deficiency Rate under *Tariff, Attachment DD, section 7*, *Tariff, Attachment DD, section 9*, *Tariff, Attachment DD, section 11A*, and *Tariff, Attachment DD, section 13* shall be 1.20 times the Capacity Resource Clearing Price resulting from all RPM Auctions for such Delivery Year for the LDA encompassing the Zone of the FRR Entity, weight-averaged for the Delivery Year based on the prices established and quantities cleared in such auctions); (ii) the charges set forth in *Tariff, Attachment DD, section 10A* shall apply only for the 2019/2020 and subsequent Delivery Years and only to those FRR Entities which opted to be subject to the Non-Performance Charge under section C.1 of this Schedule 8.1 and the charge rates under section 10A thereof for Base Capacity Resources shall be the Capacity Resource Clearing Price resulting from the RPM Auctions for the Delivery Year for the LDA encompassing the Zone of the FRR Entity, weight-averaged as described above; and (iii) the charge rates under *Tariff, Attachment DD, section 10 and Tariff, Attachment DD, section 11*, shall be the Capacity Resource Clearing Price resulting from the RPM Auctions for the Delivery Year for the LDA encompassing the Zone of the FRR Entity, weight-averaged as described above. An FRR Entity shall have the same opportunities to cure deficiencies and avoid or reduce associated charges during the Delivery Year that a Market Seller has under *Tariff, Attachment DD, section 7*, *Tariff, Attachment DD, section 9*, *Tariff, Attachment DD, section 10*, *Tariff, Attachment DD, section 10A*, *Tariff, Attachment DD, section 11*, and *Tariff, Attachment DD, section 11A*. An FRR Entity may cure deficiencies and avoid or reduce associated charges prior to the Delivery Year by procuring replacement Unforced Capacity outside of any RPM Auction and committing such capacity in its FRR Capacity Plan.

2. For any FRR Entity which opted to be subject to physical non-performance assessments under RAA, Schedule 8.1, *section C.1*, such FRR Entity will not be subject to charges under *Tariff, Attachment DD, section 10A*, but, rather, it will be required to update its FRR Capacity Plan with additional megawatts of Capacity Performance Resources or Seasonal Capacity Performance Resources determined in accordance with the following: For each Performance Assessment Interval, the Actual Performance and Expected Performance of each resource contained in an FRR Entity's FRR Capacity Plan or Price Responsive Demand committed to reduce the FRR Entity's unforced capacity obligation (for the 2022/2023 Delivery Year and subsequent Delivery Years) will be determined in the same fashion as prescribed by the Tariff, Attachment DD, section 10A, and for such hour, a net Performance Shortfall shall be determined separately for Capacity Performance Resources and for Base Capacity Resources. If, for a Performance Assessment Interval, the combined Actual Performance of all an FRR Entity's committed Capacity Performance Resources or Price Responsive Demand committed by the FRR Entity (for the 2022/2023 Delivery Year and subsequent Delivery Years) exceeds the Expected Performance of such resources or Price Responsive Demand, then such over-performance may be applied to any Performance Shortfall experienced by such FRR Entity's Base Capacity Resources for such hour. If, for a Performance Assessment Interval, the combined Actual Performance of all an FRR Entity's committed Base Capacity Resources

exceeds the Expected Performance of such resources, then such over-performance may be applied to any Performance Shortfall experienced by such FRR Entity's Capacity Performance Resources or Price Responsive Demand committed by the FRR Entity (for the 2022/2023 Delivery Year and subsequent Delivery Years) for such hour. For the 2020/2021 Delivery Year ~~and subsequent Delivery Years~~, the net Performance Shortfall determined for Capacity Performance Resources and Price Responsive Demand shall include the performance of Seasonal Capacity Performance Resources contained in the FRR Capacity Plan.

The FRR Entity's net Performance Shortfall among Capacity Performance Resources or Price Responsive Demand, if any, for each such Performance Assessment Interval shall be multiplied by a rate of 0.01667 MWs/Performance Assessment Interval to establish the additional MW quantities of Capacity Performance Resources, ~~or~~ Seasonal Capacity Performance Resources, or Price Responsive Demand that such FRR Entity must add to its FRR Capacity Plan for the next Delivery Year. Notwithstanding the foregoing, the total additional MWs required as a result of non-performance by the FRR Entity's Capacity Performance Resources in any Delivery Year shall not exceed a MW quantity equal to 0.5 times the MW quantity of the Capacity Performance Resources and Seasonal Capacity Performance Resources that were committed in the FRR Capacity Plan for such Delivery Year and Price Responsive Demand committed such Delivery Year (for the 2022/2023 Delivery Year and subsequent Delivery Years). The FRR Entity's net Performance Shortfall among Base Capacity Resources, if any, for each such Performance Assessment Interval shall be multiplied by a rate of [(0.01667 MWs/Performance Assessment Interval) times (the Base Capacity Resource Clearing Price resulting from the RPM Auctions for the Delivery Year for the LDA encompassing the Zone of the FRR Entity, weight-averaged for the Delivery Year based on the prices established and quantities cleared in such auctions, divided by the Net CONE established for such LDA for the Delivery Year)] to establish the additional MW quantities of Capacity Performance Resources or Seasonal Capacity Performance Resources that such FRR Entity must add to its FRR Capacity Plan for the next Delivery Year. Notwithstanding the foregoing, the total additional MWs required as a result of non-performance by the FRR Entity's Base Capacity Resources in any Delivery Year shall not exceed a MW quantity equal to [(0.5 times the MW quantity of the Base Capacity Resources that were committed in the FRR Capacity Plan for such Delivery Year) times (the Base Capacity Resource Clearing Price resulting from the RPM Auctions for the Delivery Year for the LDA encompassing the Zone of the FRR Entity, weight-averaged for the Delivery Year based on the prices established and quantities cleared in such auctions, divided by the Net CONE established for such LDA for the Delivery Year)].

An FRR Entity that elects the physical option shall not be eligible for, or subject to, the revenue allocation described in *Tariff, Attachment DD*, section 10A(g).