

EXHIBIT IA

ISO NEW ENGLAND FINANCIAL ASSURANCE POLICY

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III.

Non-Commercial Capacity equal to three (3) times the Non-Commercial Capacity FA Amount.

b. Non-Commercial Capacity Participating in the Ninth Forward Capacity Auction and All Forward Capacity Auctions Thereafter

A Designated FCM Participant offering Non-Commercial Capacity into the ninth Forward Capacity Auction and all Forward Capacity Auctions thereafter must include in the calculation of its FCM Financial Assurance Requirements under the ISO New England Financial Assurance Policy, beginning at 8 a.m. (Eastern Time) on the tenth Business Day prior to the Forward Capacity Auction an amount equal to the difference between the Net CONE associated with the Forward Capacity Auction in which the Capacity Supply Obligation was awarded (adjusted as described in Section III.13.2.4) times the Non-Commercial Capacity qualified for such Forward Capacity Auction and the FCM Deposit.

Upon completion of the Forward Capacity Auction, the Non-Commercial Capacity Financial Assurance Amount shall be recalculated according to the following formula:

Non-Commercial Capacity Financial Assurance Amount = (NCC x NCCFCA\$ x Multiplier) + NCC Trading FA

Where:

NCC = the Capacity Supply Obligation awarded in the Forward Capacity Auction minus any Commercial Capacity

For Capacity Supply Obligations acquired in Forward Capacity Auctions up to and including the thirteenth Forward Capacity Auction, NCCFCA\$ = the Capacity Clearing Price from the first run of the auction-clearing process of the Forward Capacity Auction in which the Capacity Supply Obligation was awarded. For Capacity Supply Obligations acquired in the fourteenth Forward Capacity Auction and all Forward Capacity Auctions thereafter, NCCFCA\$ = the Net CONE associated with the Forward Capacity Auction in

which the Capacity Supply Obligation was awarded (adjusted as described in Section III.13.2.4).

Multiplier = one at the completion of the Forward Capacity Auction in which the Capacity Supply Obligation was awarded; two beginning at 8 a.m. (Eastern Time) on the tenth Business Day prior to the next Forward Capacity Auction after the Forward Capacity Auction in which the Capacity Supply Obligation was awarded; and three beginning at 8 a.m. (Eastern Time) on the tenth Business Day prior to the second Forward Capacity Auction after the Forward Capacity Auction in which the Capacity Supply Obligation was awarded.

In the case of Non-Commercial Capacity that fails to become commercial by the commencement of the Capacity Commitment Period associated with the Forward Capacity Auction in which it was awarded a Capacity Supply Obligation, the Non-Commercial Capacity Financial Assurance Amount shall be recalculated as follows: beginning at 8 a.m. (Eastern Time) on the first Business Day of the second month of the Capacity Commitment Period associated with the Forward Capacity Auction in which the Capacity Supply Obligation was awarded, the Multiplier in the recalculation of the Non-Commercial Capacity Financial Assurance Amount shall be four. The Multiplier in the recalculation of the Non-Comme

charge pursuant to Section III.13.3.4(b) (but this total amount shall not be greater than NCC); multiplied by

(b) the difference ~~(but not less than zero)~~ between: ~~(ix)~~ the weighted average price at which the Capacity Supply Obligation was acquired in the Forward Capacity Auction (adjusted, where appropriate, in accordance with the Handy-Whitman Index of Public Utility Construction Costs); and ~~(iiy)~~ the weighted average price or failure to cover charge rate at which the Capacity Supply Obligation was shed or assessed, as applicable, (except t

applicable annual reconfiguration auction clearing price, and (y) the transaction price, which shall equal one of the following:

- (i) If the Designated FCM Participant does not certify to the ISO that it has not entered into ~~and will not enter into~~ any contract or other transaction with another party regarding the pricing of such Annual Reconfiguration Transaction (other than those approved to be settled by the ISO [REDACTED]